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**Factors behind Failures to Regulate
Myanmar's Illegal Cross-border Migration**

**Keio University
Graduate School of Media and Governance**

Set Aung

Abstract

This paper humbly attempts to highlight the fact that some policies that have been developed with good intentions to control the irregular migration issues have either failed or not effective as the cross-border migration from Myanmar is not as simple and straight-forward as what policy makers perceived as they could be more sophisticated and multifaceted depending on many other factors along the different stages of migration lifecycle that a home community is going through. In addition, the paper also humbly attempts to highlight the implications of policies that have been developed in the process of multiple reforms in various economic sectors in the transitional period from a single party military-ruled political system to a multiparty civilian-ruled democratic system on the migration, migrants and their left-behind families. The paper focuses on the importance of developing multidimensional and interconnected policies in creating a favorable and enabling environment (in which macro-economic and political stability is sustained; growth, inflation and unemployment are in balance; investment and business confidence are built up; alternative livelihood options have opened up; social developments especially in terms of education and healthcare have become more visible; financial system has improved to become more accessible and inclusive; and convenient, affordable and secure migration channels have developed) in order to establish a visible link between migration and socio-economic development of rural home communities where majority of Myanmar migrants originated from. Finally, the paper analyzes how policy misinterpretations and ad-hoc policies responding to some ad-hoc situations could lead to adverse consequences that have driven many migrants, their families and other stakeholders into the grey area where there is no visible distinction between illegality and licitness. To put it in a nutshell, the paper highlights various factors – including policy actions – behind the failure to regulate Myanmar's cross-border migration through quantitative and qualitative (policy) analyses based on empirical data collected from various parts of Myanmar that have been going through different stages of migration lifecycle and humbly provides policy implications for creating favorable environment in which migration could be convenient, affordable and secured and could contribute, in no small measure, towards the socio-economic development of the home community.

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Chapter 1

Background of Cross-border Migration from Myanmar

Cross-border mobility in goods and persons in the Southeast Asia region has been tremendously significant due to various factors that include, but not limited to, income disparity, development gaps, climatic variation, social networks, cross-border infrastructural development, among many others, and has also been complex due to misperception, illegality, corruption, and policy failure. It is also expected to increase even further in the future as a result of regional integration, improved connectivity in terms of hard and soft infrastructures, differences in the stages of migration lifecycle each country is in, and supply and demand factors of labor market in each country. Migration lifecycle, similar to other lifecycles, contains three stages that range from introduction stage to maturity and decline stages. In the introduction stage, out-migration is more evident, whereas, the flows of out-migration decline and inflows of returning migrants can be evident in the maturity stage. In the decline stage, flows of out-migration further decline, inflows of returning migration will increase and inflows of foreign professional and skilled personnel could be evident. The stages of the migration lifecycle and effects in each stage will be elaborated in the *Chapter 2*.

Until to date, there have been many restrictions on such mobility due to various reasons resulting in the systematic development of informal sector especially in the lesser-developed nations in the region such as Cambodia, Lao PDR, Myanmar, and Vietnam, which are considered to be major sending countries. The Asian Development Bank pointed out that the Greater Mekong Sub-region, in which these countries are in, lacks coherent labor migration policies. Hence, the sub-region has poor legal procedures, which do little to attract legal labor migration and this becomes a root problem contributing to irregular migration. It also pointed out that legal procedures of labor migration still remain costly, time consuming, and bureaucratic (ADB, 2003, p.19). The ASEAN member countries are entering into the ASEAN Economic Community (AEC) by the end of 2015. A core principle of the AEC takes into account of free flow of skilled labor while the majority of Myanmar migrants across the region, especially in

Thailand and Malaysia, are either unskilled or semi-skilled labors who may not get benefited significantly from such integration.

In the case of Myanmar, informal practices have been very significant in various areas that range from cross-border trades to cross-border investment, cross-border migration and also to various economic sectors that are interconnected to each other in many ways. As in the area of labor migration, the legal procedures in most economic sectors still remain costly, time consuming and bureaucratic. This has brought about easier, more convenient and affordable informal practices, most of which are found to be illegal or in a grey area between legality and illegality. Among them, informal practices in cross-border or transboundary trades had significantly soared. The main purpose of informal cross-border trade is not to evade tax but to avoid restrictions, controls and complicated legal procedures. As a result, the informal cross-border trades that are not documented on Myanmar side or on the side of its trade partners get strengthened despite the actions of mobile teams, which were formed under the President U Thein Sein government to undertake surprise checks for illegal imports or exports. These informal trades can be evident in every border trade crossings; however, they are quite significant in Muse and Bamaw that are Myanmar border towns next to China, and also in Myawaddy, Tachilek and Kawthaung that are next to Thailand. The informal practices in transboundary trades open the door for other informal activities that include, but are not limited to, cross-border illegal migration and human smuggling.

This thesis focuses on cross-border migration from Myanmar to countries in the region. As a significant number of Myanmar migrants majority of who are unskilled or semi-skilled ones (except in the case of those in Singapore) are concentrated in Thailand and Malaysia, the studies and analyses in this thesis are more on cross-border migration of Myanmar unskilled or semi-skilled migrant workers to Thailand and Malaysia. The quantitative and qualitative surveys conducted during the thesis period have revealed that cross-border migration from Myanmar is not simple and it cannot be generalized as it is good or bad, as it is driven by poverty or politics, or as its impacts are negative or positive. There are some misperceptions or gaps in existing literatures on migration that also have impact on policy making or that may have contributed to unrealistic policies in Myanmar and in the region. In reality, most migrants have multiple

reasons to go out rather than having a single reason, which is poverty or political conflicts. Their purpose of migration goes beyond the economic and financial related, for many migrants and their families also have non-financial aims that could range from strengthening cross-border social network for future migration of other family members to reducing financial burden of the family. People from Mon and Shan States have been historically moving for non-economic and financial purposes. These multiple aims, purposes, causes, effects, benefits and costs of cross-border migration from Myanmar should not be generalized for both academic or policy development purpose.

Literature Review

Migration is categorized in a number of ways in various literatures; however, there are only two main categories, which are international migration, which involves migrants who cross sovereign state boundaries, and internal migration, which involves migrants who remain within their country of origin or residence. However, there are broad categorizations that include border migration, economic migration, high-skilled and low-skilled labor migration, legal/documentated and illegal/undocumented migration, marriage and family migration, issues around immigration and settlement, as well as return migration, diaspora management, forced and involuntary migration, and gender and migration, among many others (Hickey, Narendra & Rainwater, 2013, p.6). There are various kinds of studies on migration focusing on different categories that not only include academic literature but also so called grey literature produced by advocacy groups. Although these studies on migration under different categories widely vary in terms of focus and approach, most studies deal with policy to some degree or another. As a result, there is little distinction between academic and grey literature in the Southeast Asian migration policy literature, and major academics in the field regularly cross institutional, disciplinary boundaries to write migration related policy papers and reports. The key academics in the migration field regularly collaborate with one another in both policy (grey) literature and academic publications. The focus and approach of international migration related (policy) studies can broadly be on international or cross-border migration having a general focus on policies controlling inflows and outflows of migrants crossing state boundaries; on migrants' rights and protections

especially in the host countries; and on migration and development. While a focus on the areas of international or cross-border migration could be seen in the majority of migration related academic studies, the focus on the migrants' rights and protections is widely seen in the grey literatures. The focus on migration and development or the focus on the potential contributions of migrants to development in their home communities was paralleled by a shift by the large multilateral and bilateral funders, away from Structural Adjustment Programs and towards Poverty Reduction Strategies Papers and a focus on the Millennium Development Goals. Within the emerging multilateral policy frameworks, migrants are posited to have a central role to play in promoting economic and social development (Hickey, Narendra & Rainwater, 2013, p.20).

While majority of migration related academic and grey literatures focus broadly on patterns of migration, their impacts and implicit or explicit policy recommendations, some studies focus on a specific segment or category of forced migration that is induced by conflict or non-conflict. These studies highlight facts that are very difficult for many other scholars to uncover due to lack of data availability and difficulty in having access to these conflict areas or to those who had fled from these areas. These studies are highly regarded as the facts uncovered in them are illuminating as they are mostly understudied and could bring many readers and scholars into the areas of little-known issues. However, the facts in these studies tend to be very specific to a particular place or area in a country, so that they should not be generalized into a bigger picture.

Some similar studies – related to out-migration from an underdeveloped country or from a politically unstable country – assume that the major factor behind migration is either poverty or politics that have forced the people to migrate for their survival. (South, 2007, p.7). This is of course correct to some extent; however, this assumption should not be generalized to the actual situation in most cases.

This is more obvious in a country like Myanmar – the second largest country in terms of size in the whole of South East Asia – which is composed of 135 ethnic nationalities living in separate geographical areas with their own histories and cultures. As a result, the perception, belief and purpose of migration are unique for each community or ethnicity or area. Due to the sheer size of the country, people living in different places are also different in perception. Even

in the same ethnicity, what is perceived or believed by an ethnic nationality in the area where the majority of them live can be totally different from that of the same ethnic nationality living in another area. For instance, the perception of Shan nationality in the rural part of Shan state can be very different from the same Shan nationality in the urban part the Shan state and in other major cities such as Yangon and Mandalay. They even speak different languages as there are different Shan languages that are different from one another.

For example, some migration related studies on Myanmar are qualitative, based on interviews with migrants (in a host country) coming from certain places in Myanmar and these studies take it for granted that the interview findings such as the perceptions of interviewees are representative to majority of those in Myanmar. In some cases, the sample of respondents (in the survey) coming from arm-conflict prone areas such as Kareni or Karen areas are larger and found to be over represented (Bradford & Vicary, 2005, p.6). In addition to differences in perception between different people living in different places, sharp differences between what they think and what they say can also be evident especially in countries of destination. In some cases, various interviews conducted with Myanmar migrants in Thailand found that what interviewees said was incorrect after it was checked with their families in the community of origin in Myanmar.

The generalization of findings from interviews with some migrants in countries of destination (other than findings from actual observation related to their working conditions, and living status), can be misleading and can also be biased to some extent. The Asian Development Bank accepted in its paper in 2013 that political factors are not a major driver of migration in the Greater Mekong Sub-region (GMS) where Myanmar is located and pointed out that labor migration in the GMS is driven by two main factors; unequal social and economic development, including demographic factors; and existing regional links of communication and transportation between and within the countries, as well as the urban-rural divide that is more and more evident in each GMS country. Other factors facilitating irregular labor migration include the porosity of the borders, and the weak enforcement of the laws against employing irregular migrants in destination countries (especially Thailand) and laws ensuring decent work conditions (ADB, 2013, p.3).

The migration from Myanmar is normally considered by some scholars as “forced” migration either due to political conflict or poverty. In some studies, migration and displacement are also categorized into different types; i.e. Type 1 as armed-conflict-induced, Type 2 as military-occupation-and-development-induced and Type 3 as livelihoods-vulnerability-induced migration – all of which are under the category of forced migration. (South, 2007, p.8).

However, other types of non-forced migration induced by other factors are not taken into consideration as if they do not exist. Actually, the population of (non-forced) economic-induced migrants (a certain percentage of whom might appear to be forced migrants due to various reasons) accounts for an even more percentage of all Myanmar migrants in various countries of destination; hence, it is not only poverty and conflict that are push factors in migration (Thiesmeyer, 2010, p.67). A recent survey by the International Organization for Migration of 5,027 migrants in seven provinces of Thailand had revealed that the primary reasons for migrating to Thailand included economic (74.9 percent), personal (13.4 percent) and security/safety-related (7.0 percent) and the percentage of migrants citing security/safety reasons was particularly higher among the Shan ethnic group (IOM, 2013, p.12). Yet the migration of some Shan ethnic groups coming to Thailand for reasons of security/safety due to the conflict in the Northeast areas of Shan state should not be generalized to understand that the main reason of migration from Myanmar is political or armed conflict.

Similarly, in some studies, poverty is considered to be the main factor that had forced people to leave their own country through economic migration. They may be correct to some extent; however, those who had migrated to Thailand due to economic hardship in their community of origin should not simply be assumed as if the only or main factor behind their migration is the extreme poverty.

The poorest and most vulnerable people do not even have an access to cross-border migration channels because even the cheapest cost of migration (for instance to Thailand) through illegal channels (i.e. around US\$ 200-400 per person) is considered very high for a poor family whose average monthly income is less than US\$ 30.¹ Hence, the majority of those who

¹ Source: Questionnaire surveys conducted by this author in the dry zone during 2008~10

migrate internationally are usually from the lower middle class in their community. Major factors behind their migration vary from place to place and from one ethnicity to another. The majority of respondents (59.8 percent) in the IOM survey conducted in Thailand said their living conditions in Myanmar were adequate; while 23.9 percent reported austere living conditions prior to migration (IOM, 2013, p.7).

Among the Bamar (the majority ethnic group of Myanmar) in the middle dry zone area, the main objective of their international migration is to create an alternative livelihood option in order to improve families' income and resilience to unexpected economic shocks caused by environmental problems such as drought and/or late onset of rain that have significant negative effects on their farming or by unstable prices and market for their agricultural produce (such as beans and pulses) that have negative impacts on their income level. Hence, the decision for migration is made within the family to send one or more of family members abroad expecting them to work, save money, send remittances back home, and return after a few years. The majority of them do not have any intention for permanent migration nor do they have absolutely no livelihood back home. (IOM, 2013, p.42). The migration flows in the region are mostly on a temporary basis, as opposed to permanent settlement (Wongboonsin, 2009, p.169). In addition, these flows across the borders is not one-time or permanent move, but is a series of moves, repeated throughout their migration for the sake of livelihood, often back and forth along the same trails (Thiesmeyer, 2010, p.88).

In the southern part of Myanmar among the Mon ethnic group, the main push factors of migration are the social network, the demonstration effect of seeing the improved livelihood of neighboring migrants' families. Again, poverty is not the only or main factor of migration from this area. Their living condition is found to be much higher than those in the middle part of Myanmar. The migration from this area and of this ethnicity to Thailand has taken place for a long time, and the social network between the sending community and those in Thailand has been strengthened, meaning that migration through various illegal channels is easier, more convenient and affordable than legal channels (Aung, 2009, p.36).

The historical relationship between Mon ethnics of Myanmar and those of Thailand has been established since the early histories of the region. From early in the first millennium, for a

period of more than a thousand years, Mon and Khmer kings ruled over much of mainland Southeast Asia. The ethnic Mons historically have been present in the northern and central Thailand and in the central and lower part of Myanmar. The classical period of Mon history ended in 1757, when King Alaungphaya of Myanmar defeated the last Mon ruler of Bago (formerly called Pegu), meaning that thousands of his followers were driven into exile in Ayutthaya (former capital of Thailand), where they stayed along the border areas between Thailand and Myanmar (South, 2007, p.151).

Furthermore, the Dawei (formerly called Tavoy) and Myeik (formerly called Mergui) in the Tanintharyi division (formerly called Tenasserim division, the closest division to Mon State) was believed to be under a Thai province ages ago. At the time, when British had conquered the Tanintharyi division in late 1825, the Siam court (i.e. the Thai court) was asked to demarcate the boundary. It was replied by the Phrakhleng, who held a position equivalent to the minister of foreign affairs and trade, that both Dawei and Myeik were in fact Thai boundaries and Siam had been preparing to “recover” them from Myanmar. He replied that in order to strengthen the friendship with the British, Siam would no longer lay claim to them (Winichakul, 1997, p.63). This evidence also shows how close was the relationship between the southern part of Myanmar and Thailand not only geographically but also historically.

As a result of the historical relationship with Thailand and long-term migration history, Mons find it more convenient for migration to Thailand where they feel that they can assimilate with Thai people more easily. Their languages are also somewhat similar. Going to Thailand through various illegal channels is not considered illicit from their social perspective. Further survey on 100 households in a Mon village, the majority of respondents (i.e. 72 percent) said that most young people in their village envy the improved livelihoods of neighboring migrant’s families (i.e. neighboring families who have sent one or more family members to Thailand for jobs) and perceived condition of those who have returned or visited from Thailand to their respective families in the village. Hence, these are the main considerations behind migration of most young people from their village to Thailand (Nuchpiam, Than, Trichot, Tantrakunsab, Denkesineelam, 2010, p.145).

Other studies also found that there are workers who wanted to leave home and took up jobs in Maesot in Thailand after seeing their neighbors becoming fairly “affluent” in a short time as they bought motorbikes, bicycles, and renovated their houses (Oo, 2004, p.2).

Some (i.e. 10 percent) said that the migration to Thailand from their village has become a trendy thing for young people. They even feel that it is the “must” place to go and find better jobs in Thailand, unless they are lazy. Some (i.e. 9 percent) said that it is a convenience to go to Thailand due to their social network established for a long time as their relatives/ family members have migrated to Thailand and have been working there for quite some time.²

One study comparing Thai and Myanmar out-migration highlighted that the factors explaining the migration decisions of Thai are the income-type pull factors, their relatively lower level of education, and the wish to upgrade the economic status of their families back home (Wongboonsin, 2001, p.178), whereas the factor explaining the migration decisions of Myanmar in some studies is considered simply the poverty, which is less complicated. Yet factors behind out-migration from Thailand are very similar to those behind out-migration from certain areas of Myanmar that include most villages in the Mon state. Although poverty is a factor behind the migration of people from Myanmar in some cases, it cannot be generalized that it is true for every case.

In the eastern part of Myanmar, Shan ethnics have a long-term relationship with many countries in the Greater Mekong Sub-region. Although they are an ethnic minority in Myanmar, they actually have a considerable combined population in the region. The historical roots of Shan ethnicity are in the Chinese province of Yunnan, as the Tai ethnic nationality of Yunnan. In northern Thailand, the Shan have a strong presence in Chiang Rai, Lampang, Mae Sariang and Chiang Mai. The town of Mae Hong Son in Thailand was originally founded by Shan settlers around 1830 (Forbes, n.d., p.1). During the 19th century, the state of Xishuangbanna in China, the Shan state of Myanmar, and the Lanna state of Thailand were all small Tai border polities.

² Note: the survey was conducted in Zin Kyeik town in Mon state in 2009 by the Asia Development Research Institute of Myanmar with a view to study the effect of migration on the agricultural economy of Myanmar

Hence, there is a strong historical connection between the Shan in Myanmar, the Shan in Thailand (called Thai Yai or Great Thai), and Thais in Thailand. Several surveys conducted in Lashio, Thein Ni (or Hseni), and Kutkai have revealed that Shan people there in the northern Shan state although it is closer to China feel more affiliation or a stronger relationship with Thailand. The majority of Shan from these areas normally migrate to Thailand instead of migrating to the closer country, China.³

In most places, as usual, the major purpose of migration is to improve livelihoods. Although poverty is evidently one of the factors behind their migration in some cases in some areas in Shan state, it seems that very poor Shan people just wish to migrate to Thailand and they simply do not have much resources (i.e. information and funding for migration) to do so. The migration to overcome or to ease the economic hardship or to have better livelihoods cannot simply be considered as forced migration driven by poverty. Another factor behind the migration of some migrants in some areas in the Shan state could be politically related. Some areas in the Shan state are still considered as “black” (conflict) areas by the Myanmar government as these areas are perceived to be risky especially for outsiders. As a result, foreigners are required to get approval from the relevant ministry and also from the Defense to go to some of these areas (other than big cities and towns) in Shan state. There have been armed conflicts or skirmishes in some areas leading to conflict-induced migration into Thailand or into China in some cases. However, that is not happening everyday and/or at every places in the Shan State. It had happened in some pockets of areas sometimes. Hence, it cannot also be simply assumed that migration from Myanmar is normally forced migration driven by poverty or politics or both.

It is fair to say that migration from Myanmar can be either voluntary or forced, or contain elements of both (Wongboonsin, 2009, p.167). Even the migration of refugee and migrants who have migrated due to conflicts usually participate in the labor force in their host countries (Morris-Suzuki, 2006, p.19). The percentage of non-forced voluntary migration is the biggest and the widening economic and social disparity between the two countries is one of the major

³ Source: Interview surveys conducted in 2010 and 2011 in northern Shan State around Lashio, Theinni, Kutkine and Muse.

factors that has driven cross-border migration from Myanmar. Other major facilitating factors include social networks between those in the community of origin and migrants in the countries of destination, and historical relationship between ethnic communities between the two countries. Some scholars argue that voluntary economic migration may also be considered to have certain political reasons behind it as a combination or intermingling between “freedom from want and freedom from fear” (Wongboonsin, 2009, p.167). It should also be noted that migration with such “political” motives may also have elements of economic migration in most cases.

Some studies especially the grey literatures on migration in the region focus more on the working condition of migrant workers in the host countries. Some studies analyzed remittances and their impact by interviewing the migrants in countries of destination where they work legally or illegally. However, the representativeness of the results of surveys on migrants in a receiving country could remain a question-mark unless they could be correlated with the results of mirror-surveys conducted in their community of origin.

Some studies argue that although the migration of the qualified and the skilled people can be beneficial for the country of origin because of the social and economic returns, the irregular migration of unskilled migrants has many negative consequences and a threat to social cohesion, political stability, and economic growth (Wongboonsin, 2009, p.168). Although it is partly true that the irregular migration is a key concern, it cannot be assumed that migration of unskilled migrants has more negative than positive consequences. Skills or irregularity of migration may not be the major independent variables to determine the extent of negative or positive impact on the host country or on the sending communities. Instead, the migration cost, migration channel, social network, and other key variables determine the impact of migration as the dependent variable on both countries.

In the case of Myanmar, the communities of origin in the Mon state have benefited tremendously from the migration of their family members to Thailand for decades. However, the majority Bamar ethnic community in the dry zone have been suffering from the social and economic impacts of migration. The majority of migrants from both places/ communities are

either unskilled or semi-skilled. The majority of migration from the dry zone take place through the legal channel and are more regular than those illegal migration from the former.

The migration from the Mon State to Thailand is more convenient and affordable, although illegal, due to the social network established by long-term migration experiences. The historical relationship between the two places between their similar ethnicities might have also played a significant role in strengthening the social network. On a contrary, the migration from the dry zone is legal but much more expensive and immature. The cross-border migration from these areas has started just recently less than a decade ago so that the social network has not yet been effectively established. In these cases, the main factors that had determined the consequences or impacts of migration (on the community of origin) are the migration channel, costs, and presence of social network, among others.

In the dry zone, the socio-economic conditions of non-migrants' families are evidently even higher than migrants' families due to the fact that migrants' families had still been going through economic and social hardship before they could pay back the cost of migration of their family members. This was money they had borrowed from informal money lenders in the village at a usurious interest rate (i.e. 120 percent per annum). In these places, the socio-economic conditions of the families of returned migrants are the highest and those of migrants' families are found to be the lowest.

To the contrary, in the former place, the socio-economic conditions of migrants' families are higher than those of non-migrants' families. However, the difference between them is not statistically significant at 95 percent confidence level. The first-round effect of migration tends to create inequities between migrants' and non-migrants' families; however, these places had come across the second-round effect of migration (through multipliers) that has also benefited other non-migrants' households. In these places, more evidences of irregular migration through various illegal channels could be found. The migration to Thailand irregularly for a few weeks across the border through various quasi-legal and illegal ways in order to visit relatives, who have been working in Thailand, or to find some seasonal jobs there, is quite common to the majority of families as in the past during which local people are accustomed to visiting their

relatives on both sides of the border; some even migrated from one side to the other from time to time (Winichakul, 1997, p78).

However, in the Shan state, especially in Kentong and Tachilake, closer to the border with Thailand, the majority of Shan ethnics and Shan-Chinese have strong social network with Thai Yai ethnics of Thailand as they descended from the same ethnicity. Most of them have strong affiliation with Thailand, and migration to Thailand is a dream, which the majority of them wish to have it fulfilled one day. In some villages in Shan state, the seasonal migration to Thailand is evident especially during the cultivation and harvesting seasons of paddy plantation. The majority of returned migrants is better off and respected in their community. As a result, the impacts of migration on the community level is more positive than negative, although evidences of HIV/AIDS could be found as a negative social effect of migration in some cases.

As a result, it should not be generally assumed that irregular migration and migration of unskilled workers mostly have negative consequences on the country of origin as well as the destination countries. It always depends on case-by-case basis and other major factors (or independent variables) should be taken into consideration before generalizing different cases. The irregular migration emerges due to some constraints in the regular migration channels. Hence, these constraints could have triggered the negative impacts in some cases. The only way to reduce the irregular migration is to make the regular migration attractive to migrants (ADB, 2013, p.vii).

General Findings

In most cases in Myanmar, smuggling in persons is originated by a simple cross-border legal or illegal migration. The majority of cross-border labor migrants unknowingly or willingly (voluntarily) get smuggled into a neighboring country through various informal channels along the porous border between Myanmar and its neighboring countries, to places that have been regarded as safe havens for activities in the grey areas since time immemorial. As per the legal framework in Myanmar, even the voluntary mobility, facilitated by brokers or unregistered labor agencies, can be considered human smuggling, which could easily turn into trafficking in persons if the migrants (even if their migration is facilitated by a registered labor agency) get

into a vulnerable situation, are exploited, or abused in the country of destination.⁴ In this case, all players involved (such as brokers, transporters, keepers/accommodators who hide the migrants or provide them with accommodation before crossing borders, etc.) are deemed to have violated the law and can be imprisoned for many years as per the 1999 Overseas Employment Law and/or the 2005 Anti-Trafficking in Persons Law.

Despite the obvious cross-border flows of in-migration from neighboring countries (mostly from China and Bangladesh) to Myanmar as their country of destination⁵ and/or country of transit⁶, Myanmar has always been a major sending country (i.e. major country of origin) in the Greater Mekong Sub-region⁷ (Aung, 2011, p.64; Thiesmeyer, 2010, p.78). Although the exact number of out-migration from Myanmar cannot be properly documented due to the sizeable informal flows of people across Myanmar's porous borders,⁸ it is estimated that 10 percent of its over 50 million population is currently abroad, out of which there are around two to three million in Thailand alone, and 0.5–1 million in Malaysia (IOM, 2008, p.69; Voladet, Aprichartollip & Imamura, 2009, p.17). The majority of Myanmar migrants in Thailand and in Malaysia are illegal and unskilled workers, whereas those in the Middle East countries such as Dubai are semi-skilled ones. Others (semi-skilled, skilled workers, professionals and students) are dispersed in many countries such as Singapore, Japan, Korea, Great Britain, and the United States.

⁴ As per the definition of "Trafficking in persons" stated in the Article 3(a) of the Anti Trafficking in Persons Law, 2005, recruitment, transportation, transfer, sale, purchase, lending, hiring, harbouring or receipt of persons with or without his or her consent are defined as trafficking in persons.

⁵ Most Chinese migrants from Yunnan province of China migrate to Myanmar as their country of destination with the purpose to do business or trade. Majority of their investment are not properly documented as they do business informally under the names of their local partners in order to avoid complicated process and high costs related to registered foreign investment. As a result, it is estimated that around 80% of population in Lashio, a city in Northern Shan State of Myanmar and 20% of population in Mandalay, the third capital of Myanmar, are Chinese.

⁶ There are cases of migration from Bangladesh to Malaysia and Middle-East countries, China to Thailand, etc., transiting Myanmar (Source: Interview with Anti-Trafficking Unit, Muse and Lashio in August/September 2009).

⁷ The Greater Mekong Sub-region comprises six countries which Mekong River passes through. These countries are China (Yunnan and Guansi provinces), Thailand, Vietnam, Myanmar, Cambodia and Lao PDR.

⁸ Myanmar is neighboring to China, Thailand and Lao PDR on the east side and India and Bangladesh on the west side.

Among various destinations of Myanmar migrants, Thailand and Malaysia are the most popular for unskilled and semi-skilled workers, due to their proximity to Myanmar and the lower costs associated with migration to these countries.⁹ The flows of people from Myanmar to Thailand mostly pass through borderlands and border crossing can either be “legal”, if migrants legally enter into Thailand with 1-day or 7-day border passes and over-stay illegally for work, or “illegal” if they pass a border crossing where there is no immigration checkpoint on either side and stay illegally for work. However, most Myanmar people go to Malaysia legally by international flights arranged by various overseas employment agencies in Myanmar.¹⁰

Malaysia as a job destination among Myanmar people became popular after the enactment of the Overseas Employment Law in 1999 in Myanmar. Since then, overseas employment agencies were established triggering migration of Myanmar people to Malaysia. Thailand has been a major destination for Myanmar people of Shan, Mon and Karen ethnicity since time immemorial whereas majority of Myanmar migrants in Malaysia are found to be Bamar (the dominant ethnic group of Myanmar).¹¹

Unlike the flows of people from Myanmar to Malaysia, flows of people, especially from the Shan, Mon and Karen States to Thailand began a long time ago. For most respondents of surveys conducted in these areas, migrating to Thailand and over-staying illegally for work are considered normal and very common among them. They have established strong social ties and connections with their relatives, family members, or the people of the same ethnic group in Thailand, and such social networks across the border make it easy for people to travel back and forth between the two countries through various illegal channels. As per a survey conducted by the International Organization for Migration, a significant percentage (43.3 percent) of respondents migrated to Thailand with the help of family and friends, while 37.7 percent were assisted by brokers, and 18.5 percent on their own.

⁹ From 2010-11, Korea is becoming a popular country of destination for semi-skilled workers.

¹⁰ Although majority of Myanmar people goes to Malaysia legally through employment agencies, there also are quite a number of people going there illegally by boat through Penang.

¹¹ There are also many Bamars in Thailand and other ethnicities in other countries. However, the flows of Shan, Mon and Karen people from Myanmar to Thailand are more significant. The flow of Bamar unskilled workers to Malaysia is also significant.

In the course of cross-border mobility either in goods or in persons from/to Myanmar, many players nevertheless maintain the status of illegality intentionally or unintentionally. They rather see their practices (i.e. illegal mobility in the case of cross-border migration and illegal facilitation in the case of cross-border trade) in maintaining illegality, however in terms of licit or socially legitimate (though in the state's view, illegal) behavior with the objective of negotiating their own way into a new livelihood space to secure their share of development through mobility. In terms of human mobility, when a migrant crosses a border through a recognized border crossing with a 1-day or 7-day passes, it is called legal crossing despite the fact that the migrant becomes illegal migrant when the border pass expires. However, when a migrant crosses a border through a border crossing that is not legally recognized between the two countries, it is called illegal crossing (Aung, 2009, p.11). Likewise, the documented flows of goods going through the recognized border crossings are considered legal, however, goods flows (going through either recognized or unrecognized border crossings) that are not documented on Myanmar side are considered illegal. In many cases, although these flows of goods and people are illegal, they traditionally exist for a long time and people perceive these activities as licit or socially legitimate (Aung, 2009, p.35).

The cross-border mobility, both legal and illegal, has various costs and benefits for migrants themselves, their left-behind families and for both sending and receiving communities in the region. There are many factors behind migration that can make its benefits outweigh the costs or the other way around for both sending and receiving countries. In the case of receiving countries, cheap migrant workers bring benefits for employers; however they could also bring challenges. When there is a great supply of cheap and low-skilled migrant workers, domestic workers are pushed toward higher skilled sectors, thus pushing the domestic economy towards a knowledge-based economy. This is a longer-term advantage than the direct advantages brought by hiring cheap labor, but it also implies the need to address this economic shift through the delineation of strategies aiming at defining the role of skilled labor migration into economic market integration.

For the sending countries, migration is one result of a domestic economy that cannot absorb its labor force and deal with its surplus in a young, working age population. Even though

there is little evidence to affirm that out-migration lowers the unemployment level, most migrants would not migrate if it were not necessary or if they could get employed locally. The direct economic benefit of out-migration is the remittances sent home, which make it worthwhile not only for migrants, but also for their left behind families. When these remittances are invested into productive activities or education, this benefit extends, at medium term, to the domestic economy (ADB, 2013, p.17).

An immediate benefit of migration (either legal or illegal) could be the first-round effect¹² of mobility. Remittances sent by migrants tend to have a first-round effect that mainly benefits their families in the sending country or country of origin. In some areas, such as Mon state in Myanmar, the initial stage of the second-round effect¹³ is evident, as migrants' families have been using remittances to buy houses and household assets, to spend on education and health care, and to pay wages to workers who have migrated internally to work on the families' farms. Furthermore, surveys in Mon state also revealed that in some areas, remittances have enabled migrant families in many villages to overcome capital constraints to finance public works projects such as construction of temples, schools, village roads, etc.

On the other hand, there is a huge cost associated with migration as the majority of Myanmar migrants in Thailand, being illegal, become vulnerable and must take four-D jobs that is "dangerous, difficult, dirty, and devalued jobs", with little or no labor protection in destination countries (Wongboonsin, 2009, p.171). Even those migrants who are working in host countries legally could be vulnerable due to dangerous workplaces that are difficult to monitor and get abused (Hickey, Narendra & Rainwater, 2013, p.16). In the home countries, their families become heavily indebted as high cost of migration may be funded by borrowing at a high interest rate from various informal moneylenders. The surveys conducted in the dry zone and Mon state in 2009 by the Sustainable Mekong Research Network found that the average rate of interest that migrants' families have to pay is 120 percent per annum.

¹² The first-round effect of migration is the positive effect on migrants' families due to remittances.

¹³ The second-round effect of migration is the positive effect not only on migrants' families but also on non-migrants' families around the area.

Another cost is the shortage of labor for farming paddy rice, the staple food in Myanmar, and plantation of corns, rubber, etc., in places where out-labor-mobility is rampant. Although migrants' families, once they receive remittances and pay higher wages, can replace the lost of labor in the short term with those, who internally migrated from other parts of Myanmar, huge out-migration of working-aged adult from these areas could pose a threat in the future.

Other costs include deteriorating ethics at borders in both the countries of origin and destination. Cooperation between relevant authorities of Myanmar and neighboring countries in conducting joint investigations, and operations, to combat human trafficking has become much stronger than in the past. However, changing tactics of professional smugglers through various new illegal channels, and inadequate resources of local authorities to keep pace with smugglers' changing methods, have been discouraging factors in controlling cross-border illegal mobility. Although control and prevention of illegal mobility is necessary, also facilitating legal and safe mobility – instead of emphasizing only controls and restrictions that may promote more professional illegal tactics is more likely to produce better results.

Lack of sound infrastructure, lack of proper irrigation systems, unfavorable weather, lack of proper knowledge, and capital constraints have forced many families to give up farming and resort to mobility as the only option in a situation where education, investment, business, and job opportunities are poor. Yet it is also not realistic to expect mobility to promote development effectively where complementary infrastructure, services, and ecological conditions are so unfavorable. Most people move because of a lack of meaningful development in the first place. In the absence of policies designed to channel migrants' savings into productive investment, it is impossible to expect a visible link between mobility and development. With the lack of efficient rural credit markets, it is also not realistic to expect migrants and their families to serve as both the procurers of remittances and the intermediaries between mobility and development. It is just not possible to expect migrants to play simultaneous roles as workers, savers, investors, and producers (Taylor, Arango, Hugo, Kouaouci, Massey & Pellegrino, 1996, p.403).

One overall benefit is that cross-border mobility (either legal or illegal) has a significant role in providing rural households with capital and means to reduce risk by diversifying income sources as most migrants send regular remittances to their families in sending communities. In

a situation where there is a lack of access to credit and income security, mobility clearly enables migrants' families to self-finance new household businesses and self-insure against perceived risks to household income. Better livelihood options and income security would also enable migrants' families to invest in new technologies and production activities, and such expenditure would stimulate economic activities in other households.

Illegal cross-border mobility, human smuggling, and trafficking, especially from Myanmar, are multidimensional issues and there is a need to consider all the dimensions from various perspectives. It is necessary to achieve long-term and sustainable cooperation between authorities of relevant governmental departments/ministries in the countries of origin and destination, and also with other stakeholders including Non Government Organizations (NGOs), Civil Society Organizations (CSOs) and research organizations, migrants, and their families. However, the ability of these NGOs and CSOs to move beyond (much needed) immediate aid and services to migrants into policy advocacy work depends on the "political tolerance" of a country (Hickey, Narendra & Rainwater, 2013, p.17). Multidimensional and multisectoral policies are required to address the multidimensional issues; however, the focus of national policies on migration often tends to be based on national interests rather than migrants' interests. The Asian Development Bank stated that national migration policies in the sub-region have two categories: promotion of employment overseas (in the case of sending countries) and regulation of irregular migration (in the case of receiving countries). For instance, Thailand's migration policies have been strongly shaped by national security ideologies and this policy is reflected in the MOU between Thailand and other countries in the sub-region (ADB, 2013, p.30). The Thai government is concerned to accept longer-term migrant workers for a security reason and this concern is incorporated in the MOU as the Article 9 of the MOU stated that the term of migrant workers must not exceed four years (i.e. 2 years plus another 2 year extension) and at least three-year break is necessary to re-apply for employment in Thailand. In many cases, a two-tiered labor migration policy can be found in host countries, where a greater number of highly-skilled migrants are to be attracted while low-skilled workers are tightly controlled; however, generally most migration policies in host countries are shaped by economic and security concerns of nation-states and like trade regimes, countries with a comparative economic advantage (labor

importing countries) also have an advantage in setting the terms for bilateral or multilateral negotiations on migration policy (Hickey, 2013, p.15). However, these days, the policies of both sending and receiving countries focus also on the rights and protection of migrant workers to a great extent due to the efforts of labor organizations and civil society groups that protect the rights of workers including the migrants; however, there still is a long way to go.

The current reform process that has brought about policy changes in various economic sectors of Myanmar has significant implications. These reforms in many sectors have created over-expectation and frustration. At the time when reforms were initiated in 2011-12, majority of people overestimated their speed and scope as if everything could be changed overnight. Although reforms created some quick wins and low hanging fruits for some people, fundamental issues related to macroeconomic stability still remain, and these issues are hindering further reform processes, meaning that the benefits of these reforms have not effectively reached people at the grass roots level who have become quite frustrated.

However, reforms in some economic sectors do have positive impacts on living conditions and style of many people at the grass roots level. The reforms in the telecommunication sector have enabled many people to easily access to mobile and Internet communication. This is a serious development that has completely changed the situation of the past where mobile phones were luxury products, which only those rich enough to buy a SIM card costing at around US\$ 1,500-2,500 could afford after the price fell to around US\$ 1.5 in a short time. As a result, the communication between migrants in the countries of destination and their community of origin has tremendously been improved. The accessible and affordable telecommunication system has also become an efficient facilitating factor for migration.

The development of special economic zones as a part of many reforms has opened up employment opportunities for internal migrants. In 2015, the development of the Thilawa special economic zone, out of three special economic zones that are planned for development in an initial stage, has commenced and attracted many internal migrants to come to Yangon area, which is around 20 kilometers away from the Thilawa. The majority of job opportunities are in the construction sector in 2015; however, many opportunities for administrative positions and factory worker positions will be available from the end of 2015 when the factories that are under

construction in early 2015 would start their commercial operations. The online job application system and vocational trainings available at the Thilawa special economic zones are some major significant developments compared to other industrial zones around Yangon.

The internal migration has traditionally been very common in Myanmar as the majority of workers at various labor-intensive factories in over twenty industrial zones even within Yangon are internal migrants. As per a formal sector international migration survey conducted in 2013-14, the overall internal migration rate was 38.9 percent, suggesting that well over two-thirds of the workforce in the formal sector had migrated from another place; however, when migration within a State/region was included this figure rose to nearly 50 percent who reported as having moved either from another State/region to work, or from the countryside to the city to work (Griffiths & Oo, 2014, p.6). Many internal migrants could also be found in Mon state in various plantation areas filling up the vacuum created by the outflows of cross-border migration from these areas to a nearby country, Thailand. The migration of workers from the Delta region, Wor and Saw areas to the Mon state could be considered a very good example of rural-rural internal migration. In addition, the harvesting of paddy rice in many areas is contracted to groups of internal migrants. Thus, while many people from rural areas, especially those close to borders, have directly migrated across the borders, there are many incidences where internal migration is a stepping stone for cross-border migration especially due to very low income, living costs, unfavorable working conditions, exploitation and abuses to some extent at the destination places where they internally migrated for employment.

The emergence of special economic zones and inflows of responsible foreign investments could potentially create decent employment opportunities for internal migrants. As a result, a majority of internal migrant workers at many industrial zones around Yangon plan to move to factories in the special economic zones rather than taking a risk for cross-border migration. It is likely that people may think twice for cross-border migration when the decent employment opportunities are created by special economic zones within the country; however, the cross-border migration directly from rural areas or through international migration will still remain especially in the places where the migration lifecycle is still in the introductory stage during

which local job opportunity and alternative livelihood options are still scarce and migrants' left-behind families start enjoying the benefits of remittances.

The costs and benefits, the causes and effects of migration significantly differ in different places in Myanmar depending on availability of facilitating factors and the stage of migration lifecycle of each place. In some places, the benefits of migration exceed the costs, whereas it is an opposite in some other places. As a result, in some places, cross-border migrants are returning to take the opportunities of economic reforms, while in some other places, cross-border migration has declined and more internal migration is found; and in many places, both cross-border and internal migration still remain the same.

Increased accessibility to news and information due to wider telecommunication network and media coverage, has enabled many Myanmar people both in urban and rural areas have realized many cases of exploitation and abuses on Myanmar migrants in other countries. The news in April 2015 related to hundreds of enslaved Myanmar fishermen in the remote Indonesian island (Snaing, 2015, p.1), the news in July 2014 regarding the death of several Myanmar migrant workers who were brutally killed in Malaysia (Nyein & Kha, 2014, p.1), which had led Myanmar Foreign Ministry to issue a press release, etc., are examples of well-known topics among many similar news for people in Myanmar in both urban and rural areas. At the same time, the news regarding how women workers who have internally migrated to work at garment factories in Yangon had ended up in a situation where they have no choice but to have secret affairs with their male sponsors as their income from their main job is not enough for their living costs, also became a hot topic. As a result, most people and their families have become more cautious for both internal and cross-border migration as they become hesitant to use brokers or facilitators who they do not know. As a part of many reforms, the Myanmar Labor Ministry also has become more responsive to labor problems and exploitation both inside and outside the country although there still is a long way to go.

The reforms in the financial sector since 2012 have enabled many Myanmar migrant workers to send their remittances more conveniently and securely through the ATM machines in Thailand without needing to open up bank accounts in Thailand. With this remittance system, families of migrants in the community of origin can withdraw the money safely from a nearby

bank branch. Eventually, the reforms in the telecommunication sector and financial sector would result in a leap-frogging technology related to the development of mobile payment system in the near future, which could change both the amount and security of domestic and international remittances made by internal and cross-border migrants.

The reforms in the trade sector such as import liberalization, relaxation on licensing requirements, development of Myanmar Automated Cargo and Consolidated System (MACCS), implementation of National Single Window system, which is eventually to be connected to the ASEAN Single Window system, etc., have various impacts on the migrants. These reforms have tremendously contributed towards formalization of many kinds informal trade especially in the border areas leading to increased legal border trade that has become more active than before. A survey around the borders also had revealed that active border trade is also beneficial to many internal migrants working at various border trade points. The reforms in both trade and investment sectors and the result of manufacturing sector development have led to increased exports of value-added products rather than only exports of primary products as before. This in turn has created more employment opportunities for internal migrants.

In addition, the policy makers have started developing multidimensional and multisectoral policies in the process of reforms as per the Framework for Economic and Social Reforms and Comprehensive Rural Development and Poverty Alleviation Plan published by the Ministry of National Planning and Economic Development of Myanmar. As a result, the reforms on rural development and poverty reduction, especially to reduce the rural-urban gap, had resulted in developing many policies aiming not only at agricultural development, but also at development of rural small and medium enterprises, development on rural electrification, information and telecommunications, rural access to finance, education and healthcare, and development of rural-urban connectivity. These reforms initially have paved the way for internal migration to be smoother, easier, more convenient and affordable. Although many people at the grass roots level are still unable to reap the benefits of these reforms, these multidimensional policies aim to narrow the rural-urban economic gap in the long term, which would have significant impacts on both internal and cross-border migration as the extent of internal and cross-border migrations

are likely to get slower due to increased developments in the rural communities creating more decent employment opportunities and livelihood options.

All these reforms have either direct or indirect effects on all types of migration. As a result, many returning migrants are evident in many places; however, significant flows of out-migration still remain. The reforms that have been taking place in Myanmar have triggered an alarm for major receiving countries like Thailand to rethink their development strategies. As the Thai economy, especially the manufacturing, fisheries and construction sectors, highly depends on cheap labor from Myanmar, the productivity in some sectors, such as fisheries, are dependent on labor rather than technology. The 75 percent of the total labor force in fisheries sector and 80 percent of the workforce in the construction sector of Thailand are composed of migrant workers (IOM, 2013, p.1). It is estimated that in 2015, when the economic integration commences, there will be 39.36 million Thai workers against the 43.26 million required, resulting in a deficit of 3.8 million, and this deficit is expected to grow to 5.36 million after ten years (IOM, 2013, p.1). It is obvious that Thailand will depend more and more on migrant workers. However, the new job opportunities opening up along with the rigorous reforms in Myanmar will attract Myanmar migrants working in a neighboring country like Thailand to return and if the economic development continues at the paces currently projected, Myanmar migration patterns will inevitably and significantly change. Unlike migrants in other countries according to surveys conducted by the International Organization for Migration, majority of Myanmar migrants in Thailand regard their stay as temporary for economic opportunities and the majority wants to return when the time comes as 79.9 percent of the respondents expressed their willingness to return to Myanmar and only 20.1 percent plans a permanent stay in Thailand. Even the majority (74.9 percent) of those migrants who came to Thailand due to security and safety reasons plan to return to Myanmar. These Myanmar migrants understand that there still is a wage difference between the two countries; however, even among those having a higher income level in Thailand, 83.7 percent are willing to return. Among those who are willing to return, 49.7 percent expect to have the same wage as they currently earn in Thailand, 35.8 percent expect lower wages, while only 14.1 percent expect higher wage when they return. The Thai government is aware of the potential decrease in the migrant labor supply from Myanmar,

and has tried for labor import from other countries such as Vietnam and Bangladesh by signing MOUs with them. However, as the industries that could be most affected in Thailand due to the shortage of Myanmar migrant workers operate under the model of low-wage employment, it is not realistic to expect those from these other countries to be willing to come to Thailand through a costly formal arrangement and accept such wages (IOM, 2013, p.43).

A significant result of the political reform in Myanmar is that people are much more aware of various migration problems. Under the old system before the reforms took place, migration issues were shoved under the carpet and civil society groups were under a tremendous political pressure to make their voices heard. These days, all these issues are widespread and discussed transparently with the concerned authorities. Many other reforms that have direct positive effects on migration include opening of multiple centers where passports can be issued, visa free agreements with more countries in the region, which Myanmar could not enjoy in the past, and more prompt responses to migrants issues abroad. In addition, more legal facilitating factors such as issuing passports in various regions rather than only in Yangon, are available to encourage legal migration although there still is a long way to go to have legal, convenient, affordable, and secured migration.

Furthermore, legal, convenient, affordable and secured migration is a factor among many others to create a favorable environment that could enable migration to contribute towards socio-economic development in the communities of origin. Many other factors such as increased access to affordable finance, a more favorable investment and business climate, increased access to affordable and better education and healthcare system, broader financial inclusion, wider alternative livelihood options, increased opportunities to save and invest, and more efficient intermediary services to convert savings into productive investment, are needed to create an environment that could make the benefits of migration exceed its costs and contribute towards socio-economic conditions.

Sometimes, authorities in many countries have no choice but to issue various policies on an add hoc basis without making a proper impact analysis in the formulation stage. These policies issued with good intentions, sometimes create adverse ripple effects on other stakeholders such as migrants. Hence it is important that policy evaluation and feedback should

be conducted and appropriate actions should be taken in time before these ripple effects become more harmful. It is even more complicated in the situation where informal activities and the underground economy are large enough to be controlled. Under such circumstances, policy implementation in a proper sequence is very important. Although a policy may be a correct policy, it may have adverse impacts on many people if the sequencing is wrong. Many stakeholders intentionally or unintentionally go against the law in many cases of migration. Some of them are considered to be illegal but not illicit. It means that they are not legal; however, they are traditionally considered to be very common and socially legitimate. In many cases, people have no choice but to engage in illegal economic activities simply because there is no legal way to do it or it is so costly and inconvenient to do them legally. The policymakers need to take into account such situations and should create an environment where it is convenient and affordable to access legal opportunities, before crushing the illegal activities. It means that policy recommendations that aim simply to suppress certain activities without offering alternatives must, without question, fail (Thiesmeyer, 2010, p.60). That would be like banning drinking dirty water before clean water is made available.

Understanding on proper sequencing is important; however, understanding the fact – that political and macro-economic stability is a prerequisite foundation for all other reforms and developments – is more important. Without having a favorable political climate, conflicts and tensions will remain, business confidence will not be built up, institutional developments for good governance will get delayed, policies on macroeconomic stability cannot be implemented, and the resulting unfavorable political climate cannot create a favorable business climate. A more favorable political climate could ensure that business confidence is built up and appropriate policies can be developed to create a stable macro-economic climate. As this shows a stable macroeconomic environment, policy implementation to facilitate legal, convenient, affordable and secured migration, and policy implementation to create a favorable working environment in the host countries are key requisites to make benefits of migration exceed its costs. Hence, multidimensional and multisectoral policy implementations in proper sequence are necessary both to create necessary climates not only to facilitate legal, convenient, affordable and secure migration, and also to provide the migrants and their families more benefit from

migration, contribute in no small measure towards the community development, creating a visible link between migration, rural development, and poverty reduction, and achieve equitable, inclusive and sustainable development.

Inputting Findings into Policy

Migration policy in the region still concentrates on the control, rather than on protection and promotion. They focus on branch-off policies and control-based strategies that are complicated, double-standard, incoherent, selective and impractical. (Wongboonsin, 2009, p.181). Often, different agencies within the same government may have different perspectives, mandates and objectives regarding the migration policy resulting in contradictory policies and unexpected outcomes (Hickeys, Narendra & Rainwater, 2013, p.26). In the light of the latest regional infrastructural development, it is not possible to have efficient flows of goods while the flows of people are controlled. The flows of people, either regular or irregular, are not stoppable and will continue along with the growing flows of goods across the borders. Then the question is, whether we continue controlling migration with impractical and unaffordable policies that have created more negative social and economic impacts on the migrants and their families, or, we facilitate the systematic, legal, and affordable migration and bring vulnerable people into the value chain of human capital to achieve human security, and provide them with skills and competencies required to contribute not only towards the development of the country they are working but also to their respective countries of origin and also towards the regional and sub-regional development one day.

The majority of policies are developed from the state's perception and is normally not meant to achieve win-win solution from the migrants' perception. Of course, the state needs to consider from different aspects and such consideration of many factors has led to policies that are inefficient and unenforceable to promote legal migration. In most cases, these unpractical policies have strengthened illegal or quasi-legal practices in the course of migration across the borders. If the states just come up with their own policies to control migrants without considering migrants' perceptions, and without understanding them and their potential reaction,

these policies tend to fail. However, in most cases, the states do not even admit that they have encountered a terrible policy failure and just ignore the side-effects of their policies.

These policies are issued by both countries of origin and destination, both of which see migration as negative in most cases. Some authorities attempt to control or restrict migration by imposing more restrictions on migrants and some attempt to take advantage out of this. Controls both on supply and demand side are proven to be largely ineffective in the long run unless the stakeholders and the ones to be controlled willingly accept these policies (probably for their own benefits) and participate in the enforcement measures. In order to achieve this, policies should seek win-win solutions for everybody.

For instance, controls on migration or attempt to legalize out-migration through complicated procedures, in Myanmar through the overseas employment law and additional policies of the department of labor created a big portion of hidden costs discouraging the majority of migrants to choose the legal channel. High cost of legality due to the policies of finance authorities has also driven most migrants to become illegal in the destination countries. While the anti-trafficking unit of Myanmar under the Ministry of Home Affairs has been striving to control human trafficking in accordance with the trafficking in persons law, other policies of different ministries unintentionally have encouraged more people to get smuggled or trafficked.

While existing policies of different authorities make it difficult, complicated and expensive for the people to go abroad through the legal channel and to find appropriate jobs, illegal smuggling channels are found to be very convenient, and affordable. As a result, the majority of people in some areas have no choice but to go through the smuggling channels and eventually become vulnerable for exploitation and abuses. These controls (without having unpractical and unaffordable policies amended in the first place) may seriously disrupt traditional routes and methods of clandestine migration through local brokers and this may lead to the emergence of professional trafficking, which may even become a bigger challenge and potentially cause more harm. If the local brokers (or illegal smugglers) who are more careful (because they know migrants and their families) are replaced by professional traffickers whose sole concern is money, the extent of social and economic impacts will be even higher. (Aung, 2009).

Structure of Thesis

The *Chapter 1* elaborates on the general background of cross-border migration from Myanmar and the literature review, while *Chapter 2* discusses different types of migration, different expectations from it and driving forces or “push” factors behind such migration in different regions based on different stages of migration lifecycle and *Chapter 3* explains results of surveys conducted in six places in the Dry Zone, Mon State and Shan State and identifies economic, social, emotional and environmental impacts of migration on home communities. *Chapter 4, 5 and 6* mainly focus on implications of reform policies in various sectors on migration, migrants and their families. While *Chapter 4* focuses on implications of reform policies related to development of Special Economic Zones in Myanmar especially on internal migration (and possibly on migrants returning home), *Chapter 5* highlights the implications of policies in financial and trade sector, and *Chapter 6* elaborates on the implications of reform policies related to comprehensive rural development on migration, migrants and their left-behind families.

While *Chapter 4, 5 and 6* focus on reform policies in various sectors, *Chapter 7* highlights the fact that these reform policies should be synchronized to be holistic and multidimensional in order to establish a visible link between migration and wider socio-economic developments. In *Chapter 8*, it is highlighted, despite the need for developing coordinated and holistic policies in various sectors to ensure the contribution of migration towards socio-economic development as elaborated in *Chapter 7*, that the foundation requirement of all is the “stability” without which no policy for development would work in any sector. In each chapter, policies in various economic sectors and their implications on migration, migrants and their families are elaborated. Furthermore, in each chapter, it is also discussed how policies in these sectors that are developed with good intentions could have resulted in undesirable outcomes for various stakeholders that include migrants and their left-behind families in the home communities and could have unintentionally encouraged wider informal practices. In *Chapter 9*, it is discussed on how policies to crush these informal practices (before convenient, affordable and secured practices are made available) could push many people from

the grey area to the black area and on how illegal but licit activities may be legalized to be able to absorb informal activities into formal ones. The paper is concluded in *Chapter 10* which highlights the need for affordable, accessible, predictable, convenient and secured migration and to create a favorable and enabling environment in which migrants and their families can save more, make more productive investments, have more choices, have more alternative livelihood options, have more income, consume more, and spend more on social developments such as education and healthcare and build up more social capital and human security around them.

Chapter 2

Qualitative Description of Diversity of Factors in Migrants' Decision Making, Prior Situation, Migration Process and Outcomes

Causes of migration or driving forces of migration are normally termed in the migration literature as “push” and “pull” factors. “Push” factors tend to originate in the country of origin and “pull” factors are those attracting people to come to the destination country (Aung, 2009, p.5). However, conventional “push” and “pull” factors of migration have become more complicated especially in the case of migration from a less developed to a more developed country. Income differential is known to be a popular pull factor and poverty and/or political repression have been known as push factors in most cases. In reality, there are various factors or driving forces that trigger the internal or international migration from a less developed to a more developed place. These factors tend to be more complicated when some of the push factors can be confused as pull factors and vice versa. (Aung, 2009, p.31; Voladet, Aprichartollip & Imamura, 2009, p.25; Wongboonsin, 2009, p.166)

In the case of Myanmar, these factors vary from one place to another although there are some common factors across the country. Some of these places of origin are specific to a certain ethnic nationality; hence they may be influenced by their respective culture and history. Some of these factors that are significant to respective places can be seen in the following table.

Table 2.1: Causes of migration from different regions

Significant Factors & Objectives	Dry Zone (where majority of Bamar nationality live)	Mon State (where majority of Mon nationality live)	Shan State (where majority of Shan nationality live)
Significant factors	Primary push factors <ul style="list-style-type: none"> • Climatic variations 	Primary push factors <ul style="list-style-type: none"> • Demonstration effect Facilitating push factors	Primary push factors <ul style="list-style-type: none"> • Climatic variations Facilitating push factors <ul style="list-style-type: none"> • Social network

Significant Factors & Objectives	Dry Zone (where majority of Bamar nationality live)	Mon State (where majority of Mon nationality live)	Shan State (where majority of Shan nationality live)
	Facilitating push factors <ul style="list-style-type: none"> • Social network (especially for internal migration) • Brokers Secondary push factors <ul style="list-style-type: none"> • Livelihood hardship and family burden 	<ul style="list-style-type: none"> • Social network • Historical and cultural link 	<ul style="list-style-type: none"> • Historical and cultural link Secondary push factors <ul style="list-style-type: none"> • Livelihood hardship and family burden
Main reasons/expectations for migration	<ul style="list-style-type: none"> • Mitigating family burden (not due to remittance income but due to reduced number of family members) 	<ul style="list-style-type: none"> • For increased income • For better living standard 	<ul style="list-style-type: none"> • For better livelihood option
Type of migration	<ul style="list-style-type: none"> • Both internal and international migration 	<ul style="list-style-type: none"> • Mostly cross-border migration to Thailand 	<ul style="list-style-type: none"> • Mostly cross-border migration to Thailand and China
Significant objective of migration	<ul style="list-style-type: none"> • Alternative livelihood option • To mitigate family's livelihood burden 	<ul style="list-style-type: none"> • Remittances • To establish family's migration network 	<ul style="list-style-type: none"> • Aspiration • To strengthen social network

Source: Author's interview surveys in villages in Dry Zone, Mon State and Shan State in 2011

As in the above-mentioned tables, factors behind migration (both internal and international), and objectives of migration vary from one ethnic nationality to another. These factors are not only influenced by their respective historical and cultural backgrounds but also by the respective stages of migration they are in.

In the case of the dry zone where the majority are Bamar ethnic nationality lives, climatic variation is a major factor behind migration. Due to the climatic variations¹⁴, the majority of farmers have been faced with difficulties in farming their crops.¹⁵ As a result, livelihoods of farmers' households are becoming more difficult making it even harder for the casual laborers, who have been depending on farm owners for their jobs.¹⁶

Both of those who have and who do not have farms have to come up with multiple coping strategies to mitigate their livelihood hardships. One strategy is to engage in multiple livelihood activities. In most cases in the dry zone villages, there is no single clear line of livelihood that a person or a household is engaged in, as one cannot survive by specializing in one professional line. Those who farm beans and pulses also farm rice paddies (in the areas where an irrigation network is available) and they also have toddy palm sapping businesses. During the cool season where there is no farming (due to lack of irrigation network in some places), farmers move to another place, where farming of another crop is possible due to the availability of irrigation where they work in other farms as casual workers. As a result, farmers can be involved in multiple livelihoods that include farming of various crops, can be owners of toddy trees, and can also be casual workers all in a year. (World Bank & Myanmar Development Research, 2012, p.9)

The role of women plays a very important role in most villages as they seem to be even busier than male farmers. They are involved in various activities such as farm works, making animal feed especially for cattle (that are normally used for the plough in these places), and

¹⁴ It was very obvious in 2009, 2010, 2011 and 2015, with severe droughts and floods, that the climate is becoming more unreliable. The monsoon either comes late or early and extreme weather was evident in most places. However, there is no concrete data and information to prove that there is a climate change; hence, such kind of unusual variations of weather is hereby termed as climatic variations.

¹⁵ The dry zone is composed of three divisions (out of seven divisions and seven states in Myanmar) that are Mandalay, Monywa and Sagaing divisions. Out of these divisions, paddy farming can be widely seen only in the Sagaing division, whereas the majority of farms in Monywa and Mandalay division are for beans and pulses. The majority of beans produced are found to be Petisein, Pepote, Pesingone, Pelwan, Matpe and Kalape. Popular oil crops are found to be Sesamum, Peanuts and Sunflower.

¹⁶ Casual laborers are landless people who do not have a farm. These casual laborers normally depend on farm works and other odd jobs around their villages. These casual labors account for around 50 percent of population in the villages in the dry zone where surveys were conducted in April-July 2011.

making jaggery from toddy palm sap. They are also normally involved in various jobs that are important and complementary to their main livelihoods but are mostly non-income-generating ones except making jaggery which can be sold for an alternative income for a family.

In the case of casual workers, they work in the farms when farming is possible and take various odd jobs in their respective villages if the farm jobs are not available. The majority of casual workers are toddy workers. The labor wages for toddy climbing and sapping are normally in kind. They climb toddy trees to acquire toddy sapping and they get one fourth of jaggery production in return as their labor wages.

Migration is found to be an alternative livelihood option of both those who have and who do not have farms. Climatic variations make it difficult for farmers' livelihoods and that in turn has made it even harder for the livelihoods of casual workers. The livelihood hardships might have triggered both internal and international migration in most cases in the dry zone.

As expected, migrations of more casual workers than farmers to various places within the country are evident. Internal migrations have been very common for quite some times. They tend to move around to various places for jobs during the off-farm seasons and the majority of them come back to their respective villages during the farming seasons. Some farmers migrate to the places where good pastures for their cows are available and come back to their farms when the season starts. Some families send their children to various towns and cities where they work as waiters at various tea shops and/or restaurants. Working as waiters, as workers at various labor intensive factories and vehicle repairing workshops/garages, as salesgirls at various mini-stores, and as house maids are common jobs they get in various towns and cities. (World Bank & Myanmar Development Research, 2012, p.37)

International migration has become common in these places only after 1999 during which the Overseas Employment Law was enacted. In accordance with the law, many overseas employment agencies had popped up. Various job offers especially from Malaysia, Singapore, Middle East countries, and Korea were received. Since then, villages in the dry zone had become a big source of recruitment for these agencies. They aggressively expanded their recruitment network through village-level brokers who go around various villages in the dry zone. Since the majority of those in the dry zone are either farmers or casual labors, they lack foreign language

skill and any technical skills useful for any industry, meaning that Malaysia has become an attractive country of destination for them. (Aung, 2011, p.128)

These village-level brokers are the ones who started making Malaysia as a job destination country known to the majority of people in various villages in the dry zone. Overseas employment agents in Myanmar normally charge around Kyats 1.2-1.6 millions¹⁷ to each worker for recruitment out of which they pay around Kyats 0.1 millions to village-level brokers. While some people who had paid such amount were properly recruited, some were cheated by brokers in various ways. In one case, a group of workers got onboard on a domestic flight on route to Nyaung Oo (i.e. a tourist site in Myanmar) while they believed that they were on an international flight on route to Malaysia. In another case, a female broker charged only half the usual amount of recruitment fees to get more people and ran away after getting the fees from 35-40 people.¹⁸ The international migration to Malaysia from the dry zone would not have been that extensive in the absence of these brokers. Hence, local employment agencies for overseas jobs, their village-level brokers, and their extensive recruitment strategies can be considered a significant “push” factor for international migration in the majority of villages in the dry zone apart from other significant factors such as livelihood hardship due to climatic variations, and lack of non-farm work as alternative livelihood options, that had pushed both internal and international migration to take place.

Expectations of families and migrants (i.e. the objectives of migrants and their families) also vary. Conventionally, the most significant expectation from migration is the remittance income. In many developing countries, the remittances that their citizens send from abroad constitute a larger source of foreign exchange than international trade. (Turnell, Vicary & Bradford, 2008, p.63). But in the dry zone, in some cases, remittances from the migrants are not expected at all. In this case, the major objective of migration is to reduce the family’s burden as a coping strategy to mitigate the existing livelihood burden of the family. As children in the

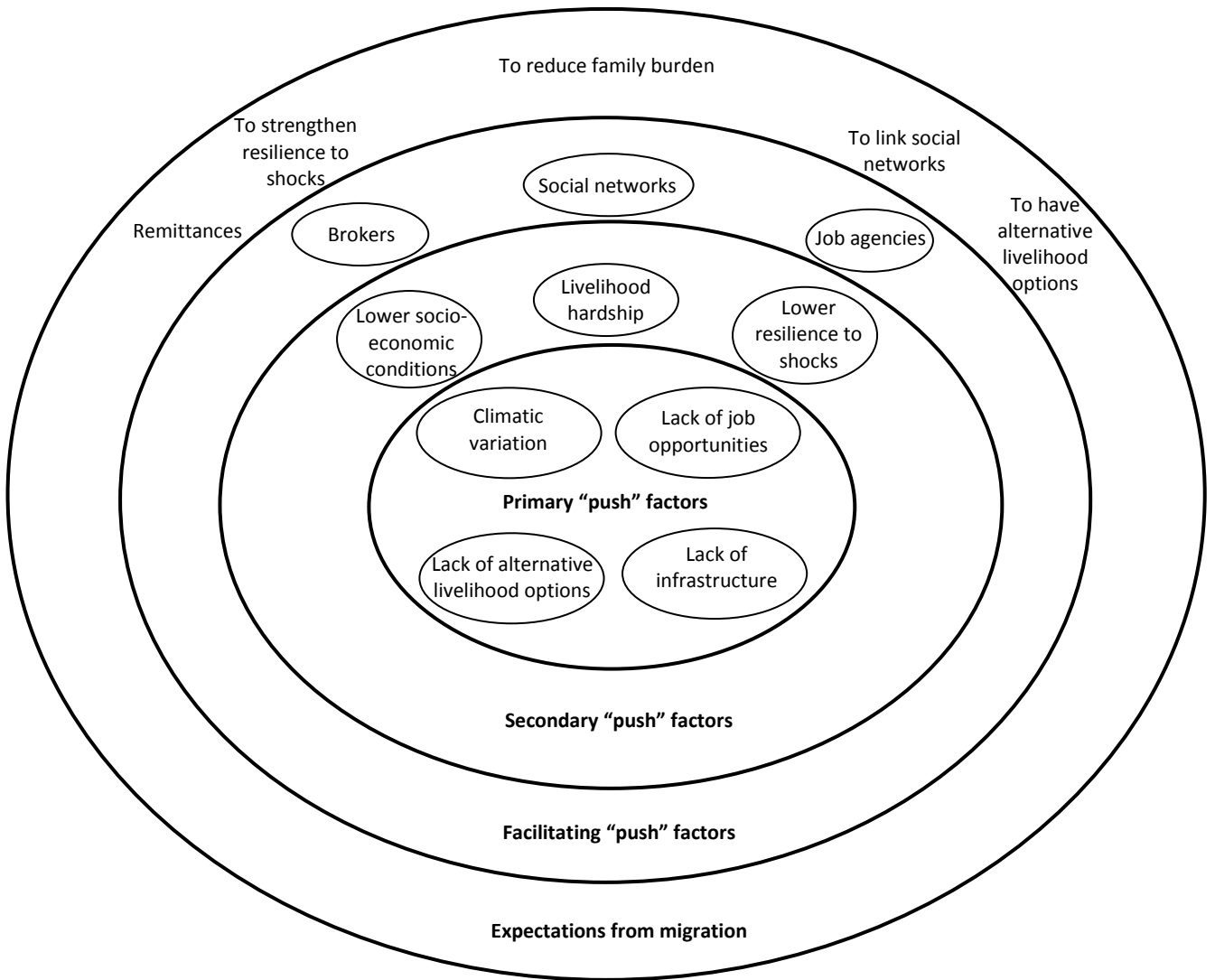
¹⁷ The exchange rate of Myanmar Kyats against US\$ has been quite volatile. By the end of June 2011, the rate is more or less around Kyats 800 per one US\$. Hence, Kyats 1.2-1.6 millions is equivalent to around US\$ 1,500-2,000.

¹⁸ Source: Interview with villagers in Kyttee village in Pokkoku township

family grow older, the family's burden to feed them gets bigger. In such cases, families seek ways to let some of their family members migrate to different places without expecting anything from them at least in the short and medium term. Through their migration, family's burden to feed them will be reduced and the family might gain some foreseeable in-kind (intangible) benefits in the future such as connections for future migration of additional family members. The majority of families have some future expectations that these migrants would get themselves settled in the destination places and would be able to bring more family members to migrate in the future. Hence, one objective of migration is to establish the social network or to establish a link with the urban place through their family members working there as migrants. Another expectation although sometimes not very explicit, is that these migrants would be able to send some money in the future in case the family gets into trouble. In other words, another significant objective of migration is to strengthen the social resilience of the family as the social resilience is the ability of a family or a community to withstand external shocks (Adger, Kelly, Winkels, Huy & Locke, 2002, p.358).

While the major destination for international migration from the Dry Zone is Malaysia, there are quite a few villages where migration to Thailand is becoming more evident (World Bank & Myanmar Development Research, 2012, p.34). The international migration from the majority of villages in the Dry Zone to Thailand is not yet fully matured as in the case of Mon state in the Southern part of Myanmar. As usual, climatic variation causing livelihood hardship is a major driving force for the migration to Thailand and is facilitated by the social network without which such migration would not have been possible. Hence, the social network can be considered as one of the "push" factors of such migration from the Dry Zone to Thailand although it is still not as extensive as in the Mon state.

Figure 2.1: Factors and expectations behind migration from the dry zone



Source: Author's interview surveys in the dry zone villages in 2011

Major "push" factors behind internal and international migration from the Dry Zone can roughly be categorized into primary, secondary and facilitating "push" factors. Climatic variations for farmers and casual workers who depend on farmers and farming, lack of job opportunities and lack of alternative livelihood options – for farmers (during off-farm seasons) and for casual workers who do not have farms, lack of infrastructure (such as irrigation system,

friendly and favorable business climate, village roads, electricity, telecommunications, etc.) are found to be primary “push” factors of migration from the dry zone.

The secondary “push” factors that are caused by the primary “push” factors include lower social and economic conditions, livelihood hardship, and lower resilience to any external shocks (such as social, economic and environmental shocks), etc. Although the people who earn less than a dollar per day account for a significant percentage of rural populations in the Dry Zone, especially in off-farm seasons, it may not be appropriate to term them simply as people under extreme poverty due to their various coping strategies. They can depend on each other through social capital and access various kinds of credits (both in cash and in kind) through informal networks. They may have difficulties in their livelihoods and they may be considered to be within the vulnerable group; however they are not under extreme poverty. The majority of those who are much closer to the poverty may not have access to the usual migration networks. Hence, poverty as a conventional factor of migration, especially in the case of migration from a less developed to more developed country, is not entirely valid in the case of migration from the Dry Zone.

The “facilitating” push factors are factors without which migration would not have been possible. They take a facilitating role for migration, and they are also triggering factors in many cases. For instance, labor agencies employ village brokers who go around villages and persuade people for migration. Hence, these labor agencies and brokers can be considered “push” factors although their main role is facilitation for migration. In addition, the existence of a social network is another factor without which potential migrants would not have considered migration. Without having friends or relatives in a destination country, the decision for migration would have been quite difficult. Hence, the social network is a factor that encourages both internal and international migration.

In the case of Mon state, where the majority of the Mon ethnic nationality lives, some factors are similar to the above-mentioned factors found in the Dry Zone, where the majority of Bamar nationality lives; however, some factors are different. The major difference between the Dry Zone and Mon State is the maturity level of international migration. The international migration from the Dry Zone (mainly to Malaysia) had started only after 1999 and it became

very significant only after 2005, whereas international migration from the Mon State (mainly to Thailand) had started a long time ago (Aung, 2009, p.12). As a result, while the majority of villages in the Dry Zone have been going through the first-round effect of international migration, the second-round effect is evident in the Mon state.

During the first-round effect, only the migrants' families get benefits from migration through remittances. Some villages in the Dry Zone have not even had the first-round effect yet, as they are still suffering from debt burden due to high cost of migration and high interest rates (due to informal loans). In the Mon state, the benefits of migration are being shared between migrants' and non-migrants' families as the former had started hiring more wage laborers creating more job opportunities, and spending more on consumptions, meaning that non-migrants' families also get benefits through the economic multiplier effect.

One of the major factors of migration from the Mon state is the demonstration effect. It is the better livelihood conditions of the majority of migrants' households that encourage many young people for migration. While hearing about or seeing the better livelihood conditions of migrants in the destination country can be a pull factor, a factor like the demonstration effect which is something that takes place in the country of origin (or in the sending community), can be considered a "push" factor. Social and economic conditions of the majority of households in the Mon villages are found to be better than those in the Dry Zone where there are significant variations of social and economic conditions from one place to another. Hence, poverty is now very unlikely to be the main "push" factor for migration from the Mon State, though it can be in the case of the Dry Zone.

Another important factor for migration is the social network, which can also be a facilitating push factor. Since the migration from Mon state has taken place for quite some times, the network between the community of origin and their friends and relatives in the destination country had become very strong. In most cases, those friends and relatives in the destination country sponsor the migration of those who are still in the community of origin. In most cases, migration flows are to and fro between the community of origin and destination. While the outflows of people from various Mon villages usually to neighboring parts of Thailand in order to take various kinds of jobs are evident, inflows of labor migrants coming back to their

community for holidays, and outflows of people visiting their relatives in Thailand are also evident (Aung, 2009, p.16).

The majority of these inflows and outflows of people for any of the above-mentioned purposes between Mon villages and Thailand are found to be taking place through various informal/illegal channels. As a result, the role of brokers has gained in significance. While brokers in the Dry Zone are mainly the intermediary between migrants and labor agencies, brokers found in the majority of Mon villages can be considered transporters, since they are responsible for the safe trip (through various informal/ illegal channels) to respective destinations in Thailand, but are not responsible (in most cases) for the jobs. Due to the strong social network between the community of origin and destination, migrants have their own connections of friends or relatives who can take care of finding appropriate kinds of work for the arriving migrants. Hence, in most cases, brokers are responsible only for the safe transportation.

Without the existence of these transporters, migration of people from the Mon State to Thailand would not have been as vibrant as it is now; hence they can be an important facilitating factor of migration especially in the Mon state. Some of them have experience of working in the destination country themselves, and are well connected to the migration and human smuggling networks inside and outside the country.

Expectations of the majority of those in the Mon state from migration vary, and some of them are different from those in the Dry Zone. The main expectation in most cases is found to be income generation through remittances by more members of family working in Thailand. Other expectations, that are to have an alternative livelihood option, to enhance the family's resilience to some economic shocks, and to gain a better standard of life, etc., can also be evident.

Whereas, expectations of people in the Shan state can be different in most cases. Interviews conducted in 2010 and 2011 in various parts of Northern Shan state revealed that although the respondents are closer to China due to their geographical location, the majority of them said that they wanted to go to Thailand. It normally takes around 7 days by car (or by foot in some parts of the journey) to reach the border area.

The presence of Shan people in many parts of Thailand has been evident for many years back in history. (Aphijanyatham, 2009, p.11; Thiesmeyer & Kittiyoungkun, 2010, p.233) Policies of the pre-modern government of Siam (which is central Thailand at present) tended to favor cultural absorption. Captured Tai, as the Shan call themselves, from Laos and Myanmar were carried back to Siam and resettled in under-inhabited regions to strengthen the frontiers of the Siamese state. Tai prisoners of this sort were particularly trusted more so than non-Tai captives such as Khmers and Malays. Hence, they are provided with better land and more rights. Inter-marriage with Shans was easier and more frequent, so that Lao and Shan communities easily blended in the Thai society. In fact, historically Shan people live not only in the Shan state but were dispersed in the Northern part of Thailand, areas that were once known as the “Shan States”. In addition to Chiang Mai, they make up the majority of the population in Mae Hong Son and their distinctive architecture and clothing is apparent both in its provincial capital and in Mae Sariang to the south. Mae Hong Son town was originally founded by Shan settlers from the west around 1830. During the latter half of the 19th century, Shan people from Myanmar migrated throughout northern Thailand, working mainly in the lumber trade. During those periods Shan communities were established in Chiang Rai and Lampang provinces, as well as in Phrae, where some amongst their number participated in the “Shan Rebellion” of 1902 – the last act of overt revolt against Bangkok to have taken place in northern Thailand. Many places of Chiang Mai province retain a strong Shan presence today (Forbes, 2007, p.1).

Strong historical connections between Shans in Myanmar and Shans or as they are locally known, “Tai Yai” in Thailand can be a major “pull” factor for migration. On the other hand, the hardship in livelihood can be a major “push” factor but those who have been going through a major hardship in livelihood do not have easy access to migration channels due to the fact that they normally cannot afford to migrate unless they have a very strong relative – in the destination country – who is well connected and can afford the migration costs. Hence, availability of funds without which migration is not possible and connections are major requirements or major facilitating factors for migration.

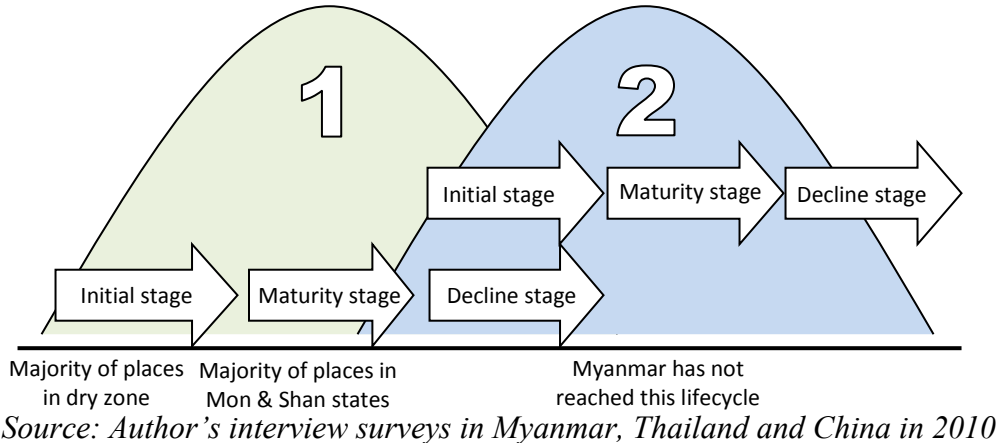
Interviews with Shan workers in Chiang Mai in March 2011 revealed that climatic variations and drought can also be a “push” factor in some cases. Some respondents in Chiang

Mai province of Thailand, who originally came from Linkhae town of Shan state in Myanmar, said that they migrated two years previously to Chiang Mai due to severe drought and they could not grow any crops in their hometown.

It is evident from the above that there are various driving forces of migration depending on different areas or ethnicity. They can be primary factors that include climatic variation, lack of alternative livelihood options, leading to livelihood hardships, lower socio-economic conditions, lower resilience to economic and environmental shocks, (that can be considered secondary factors as consequences of primary factors), and facilitating factors that include brokers, labor agencies, social networks between community of origin and communities/relatives in the destination country, without which migration would not have been possible to the current extent.

Different ethnic nationalities in different locations are at different stages and have been international experiencing different effects of migration. The majority of Bamar ethnic nationalities in the Dry Zone are in the early stage of migration, whereas, migration from the Mon and Shan states has been matured for some times. Depending on the area's stages of migration, its effects have been different. The majority of Dry Zone areas have been experiencing the first-round effects of migration while the second-round effects are evident in the Mon and Shan states.

Figure 2.2: Migration lifecycle



Source: Author's interview surveys in Myanmar, Thailand and China in 2010

The majority of places in the Dry Zone are in the initial stage in the first lifecycle of migration. In this stage, the primary factors or driving forces of migration are related to economical, social and environmental issues and their impacts. In this stage of the lifecycle, migration has either pre-first-round effects or first-round effects on the migrants and on their community of origin.

The pre-first-round-effect of migration is painful for the communities in most areas of Dry Zone. Migrants' families acquire a heavy debt burden due to high interest loans acquired from informal money lenders in order to pay the cost of migration of a family member imposing unfavorable social and economic impacts on them. In this stage, migration does not have any positive effect on the community of origin. Most of the amounts from remittances go to loan repayment and there is almost nothing left for the migrants' families.

The first-round effect of migration is a ray of light from the end of a tunnel. Migrants' families have paid back the loan and started enjoying the remittance income. In this stage, they start thinking of decisions for consumption, saving and investment. The level of consumptions starts rising as they start spending money for house repairs, and for health and education in some cases. Only the migrants' families in the community of origin normally get benefits from this first-round effect of migration and this benefit is not shared by other non-migrants' families in the community.

When there are significant outflows of migration from the community of origin, the networks between those in the country of destination and the community of origin are established, strengthening human mobility between the two. Although the level of remittances tends to decline with the length of stay in the country of destination, more migrants from the community of origin start going out and more than one member from each family will migrate, meaning that the remittance income of the community of origin and/or majority of migrants' families has become higher. Higher levels of remittance income enable migrants' families to start making more investments in their existing farm or other livelihood activities.

The majority of surveyed places in the Mon and Shan states are in this stage. They can now send more members of their own family to a country of destination, to which some members

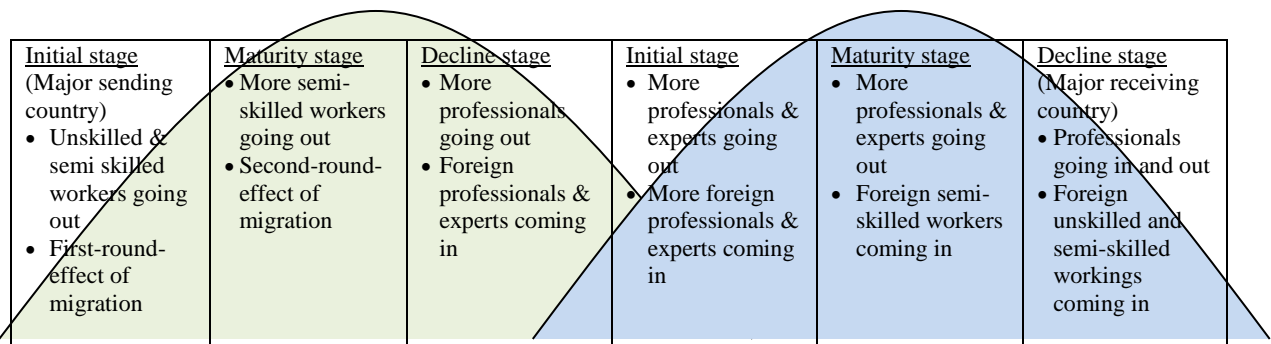
of their families or of their community had already migrated for some time, and could generate more remittance income, meaning that those back home could hire more workers, pay higher wages, and spend more money on agricultural inputs and consumption. As a result, more jobs have been created for casual workers around the region or from other regions, as some mobile seasonal workers move from one place to another for seasonal agricultural jobs. In addition, higher consumption and investments have some level of economic multiplier effects in the community. Hence, not only the migrants' families but also the non-migrants' households benefit from the migration and remittances. Thus, donations ceremonies, self-renovation and maintenance of religious temples and village roads are more evident in these places (Aung, 2009). Effects of migration both on the migrants and their community of origin can vary significantly depending on stages in the first lifecycle of migration. These stages are general stages of migration lifecycles and they may vary to some extent depending on each country's specific conditions.

The pre-first-round effects, first-round effects, and second-round effects of migration are evident in the initial stage and the maturity stage leading to the decline stage of the first lifecycle during which flows of in-migration start soaring. The stock of in-migration in the initial stage of the second lifecycle includes professionals, and experts from more developed nations. In this stage, out-migration could still be evident. The initial stage of the second lifecycle is followed by the maturity stage during which skilled and semi-skilled workers from other developing and underdeveloped countries are included in the stock of in-migration, and out-migration of professionals and experts commence. In the decline stage, as the country is becoming more developed, higher number of in-migration of semi-skilled and unskilled labors can be evident while more of the professionals and experts are going out, though some foreign professionals will continue to come in.

As mentioned above, Myanmar is either in the initial or maturity stage of the first lifecycle of international migration depending on different ethnic nationality and different geographical area. The Mon State in the southern part of Myanmar is considered to be closer to the maturity stage whereas the Dry Zone – where the majority are Bamar ethnics – could be in

the initial stage. The southern part of Shan State could be in the similar stage as in the Mon State whereas some parts of the northern Shan State are closer to the initial stage.

Figure 2.3: Different stages of migration lifecycle



Source: Author's interview surveys in Myanmar, Thailand and China in 2010

Chapter 3

Case Studies on migration, causes and effects in different areas

Questionnaire surveys were conducted on migrants' families and non-migrants' families in home communities in Myanmar with a view to analyze the impact of migration on left-behind families through Case/Control analyses. In addition, interview surveys were conducted on other stakeholders that included police officers, trafficking victims, and traffickers/ brokers as will be elaborated at the later part of this chapter. In addition, interview surveys were also conducted on migrants, brokers, and some NGOs in Thailand (where majority of Myanmar migrants are working). Based on the findings of these quantitative and qualitative surveys, the characteristics of migrants in Thailand can be illustrated as follows.

Table 3.1: Characteristics of Myanmar migrants in Thailand

Myanmar migrants abroad	<p>Majority of Myanmar migrants in Thailand and Malaysia are unskilled workers although some Myanmar professionals working for international organizations can be found in these countries. Myanmar migrants used to migrate to Malaysia through Penang illegally in the past decades, however, majority of migrants started going legally after the enactment of the Law on Overseas Employment in 1999. However, it became costly being legal in Malaysia resulting in a situation where some Myanmar migrants purposely became illegal when their passports expired. Currently in 2016, due to religious problems, Myanmar migrants in Malaysia are coming back and demand for jobs in Malaysia has significantly declined in Myanmar.</p> <p>On a contrary, demand for jobs in Thailand has increased. Thailand has been a major destination country for Myanmar migrants historically, however, legal channels of migration for work started only in 2003 after the signing of the MOU between the two countries. Hence, there still are many migrants who are not legal in Thailand and the two governments have been struggling to register them. Out of Myanmar migrants, Mons are concentrated in Mahachi area of Thailand, whereas, Shans and Kachins in Chiang Mai area, Bamars and Karens around Bangkok areas.</p> <p>Although around ten percent of Myanmar's population of around 51 million are dispersed in many countries, majority of them that are concentrated in Thailand and Malaysia. Majority of Myanmar migrants in Thailand and Malaysia are unskilled and semi-skilled workers (although there are some professionals and technicians as exceptions). Myanmar professionals, technicians and students are concentrated more in Singapore.</p>
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<p>Living conditions of Myanmar migrants in Thailand</p>	<p>In Thailand where majority of Myanmar migrants are working, their living conditions are very poor. In many cases, ten or more migrants share a small flat and construction workers share temporary shelters at construction sites. Due to heavy workloads, many migrant workers drink at night and social problems had arisen. A migrant worker in a temporary shelter at a construction site said during the interview:</p> <p><i>“Many people drink at night. Some are fine but some are aggressive. There are quarrels and fighting mostly every night”. (A Myanmar migrant at a construction site temporary shelter, Chiang Mai, Thailand, March 2011).</i></p> <p>Apart from poor living condition, most Myanmar migrants find it difficult to go around as they are frequently stopped by Thai police. A Myanmar migrant in Chiang Mai said:</p> <p><i>“I need to have at least 500 Thai Baht in my pocket when I go out because I can anytime be stopped by a police. If I don’t have money, I could be arrested. We (Myanmar migrants) are not allowed to use mobile phones and to drive motorbikes in some places in Thailand including Chiang Mai. So if I am caught using a mobile phone, I can be arrested.” (A migrant worker working at a construction site, Chiang Mai, March 2008)</i></p> <p>Myanmar migrants in Thailand have different religions. Most Bamar people are Buddhists so that they go to pagodas and some monasteries where there are some Myanmar monks. On the other hand, Karens and Kachins are Christians and they normally go to Karen Churches that could be a small flat where a priest lives. The flat is a place where many people gather, pray, make friends, and have fun on Sundays. There are also bigger Churches in the Bangkok area.</p>
<p>Myanmar migrants becoming trafficking victims in Thailand</p>	<p>There are cases where people from various Myanmar villages are trafficked to Thailand where they are locked up in factory compounds or in fishing boats where they have to work without getting paid. A Myanmar migrant who ran from one of these factories told during the interview:</p> <p><i>“Myanmar workers are not allowed to go outside the factory compound. There are also Thai guards watching us all the time. These guards even have guns. (A Myanmar migrant worker at a fish processing factory, Mahachai, Thailand, January 2010)</i></p> <p>There are also many cases where people in various villages get connected with brokers through the connections of migrants from their villages (who are working in Thailand) or returned migrants. There is also a mechanism according to which those who do not have money can still go across the border and get a job. Under these circumstances, brokers pay expenses of these people in advance and get these expenses plus bonus back from those in Thailand who would employ them. These employers do not pay wages until the amount of wage they need to pay has become equivalent to the amount that the employers paid to the brokers. In this situation, migrants think that brokers sold them to Thai employers. These cases are voluntary migration cases, however, as brokers are not registered overseas</p>

	<p>employment agents, these cases are considered human smuggling and they turn out to be human trafficking cases as migrants get exploited by employers in various ways. This will be elaborated further in the <i>Chapter 9</i>.</p>
<p>Myanmar migrants' plan for return</p>	<p>Before 2011 during which significant reforms started taking place, majority of Myanmar migrants in Thailand did not talk about returning. Although majority of them never thought about staying in Thailand for good, they did not talk about going home within a short or medium term. Majority of them complained about Myanmar government and Myanmar military. A Myanmar migrant who came to Thailand from Kawthaung said during the interview:</p> <p><i>"I may return to Myanmar one day. But I cannot say when. As long as there is no change of government, I may not go back. But I sent my child back to my wife's parents in Mawlamyaing because it is too difficult to stay in Thailand with a child as my wife and I have to work everyday". (A Myanmar migrant working for fish processing factory, Machachai, Thailand, January 2010)</i></p> <p>However, after 2011, many Myanmar migrants started thinking about returning home. Majority of them understand that in Myanmar they might not get the same level of wage as they currently earn in Thailand, however, they still want to return.</p>
<p>Myanmar migrants' understanding of language in Thailand</p>	<p>As migrants in Thailand coming from Myanmar are different ethnic nationalities of Myanmar, there are many migrants who do not understand both Thai and Myanmar languages as they belong to other ethnicities of Myanmar. As a result, they do not have knowledge of labor laws, regulations and labor rights although these information in Thai and Myanmar languages are frequently distributed by several NGOs in Thailand. There are also a significant number of migrant workers who do not have legal status. As a result, majority of Myanmar migrants are abused in various ways. A Chiang Mai based NGO said;</p> <p><i>"We have to print and distribute flyers (about the labor rights, dos & don'ts, contact details of places where they can get help) written in multiple languages including Bamar and Shan." (A technical officer of an NGO promoting the rights of Myanmar migrants in Thailand, Chiang Mai, Thailand, March 2011)</i></p>
<p>Major methods migrants used to migrate</p>	<p>Majority of Myanmar migrants in Thailand came through various borders with 1-day or 7-day passes and overstayed after the expiry of their stay permits. People going across borders were issued with day-passes (or border passports for traders or businessmen staying at border towns). Border passports are different from normal passports. People holding normal passports could not go across the border and could not even return. As a result, some migrants crossed borders legally with day-passes and became illegal afterwards, whereas, some Myanmar migrants illegally crossed the borders in the first place through the woods or streams at the border.</p> <p>Most people came to Thailand through Myawaddy-Maesot and Kawthaung-Ranong borders. Those crossing the Myawaddy-Maesot border had to walk a few days through the woods and mountains, whereas those crossing Kawthaung-</p>

	<p>Ranong had to ride small boats for about 45 minutes crossing the sea and hid in a place (in Thailand) for another few days until their transports (i.e. container trucks or other types of vehicles in which they could hide) arrived. Tachilake-Maesai border located in the Southern Shan State is chiefly used by Shan ethnic nationals going across the borders. As the borderline between Myanmar and Thailand is around 1,800 km long, there are many border crossings through the woods or small streams or mountains that many local people have been historically using. A migrant in Mahachai said:</p> <p><i>“I came to Thailand through Myawaddy-Maesot border. I had to walk for about ten days in the woods with other people in the group whom I don’t know. After some days in the woods, some people could not walk anymore and they were left in the woods and I have no idea what happened to them. I was told that there were news in Thai newspapers about some Myanmar migrants who were shot dead in the woods” (A Myanmar migrant working for a fish processing factory, Machai, Thailand, January 2010)</i></p>
<p>How migrants send remittances</p>	<p>Majority of migrants send remittances regularly, however, some migrants who have stayed in Thailand for quite some time tend to send less. Many Myanmar migrants send remittances to their families back home even after their marriage in Thailand because many of them sent their children back to their families back home as it is quite difficult for blue-collar worker parents to raise their children in Thailand. There are brokers who would bring their babies back to their hometown. Hence, parents work hard in Thailand to earn money and send it back to their families to raise their children. A migrant in Mahachai said:</p> <p><i>“My husband and I sent our baby a few months after she was born to my parents in Mawlamyaing. We used a broker who would bring the baby. Now, I regularly send all the money (wage) I earn back to my family to raise our child and we live in Thailand with the money my husband earns. Most Myanmar people here send remittances regularly back home. We use hundi brokers but sometimes if there is someone who plan to go back, we send money with them.” (A Myanmar migrant working for a fish processing factory, Mahachai, Thailand, January 2010)</i></p>

<p>Working children</p>	<p>It seems normal for children of some Myanmar migrants working at some fish landing sites. At a small domestic port near Bangkok area, most people who were sorting and weighing the catches were found to be Karens and most of those working in fishing boats were found to be Cambodians. A 12-year old Karen worker said during the interview:</p> <p><i>“I work here. My father and mother also work here. I don’t know how much I get but I may get less than half a wage other adults earn. I have one older brother and he works too. Everybody has to work for the living. I have to carry fish baskets after they are sorted. They are not very heavy and I can do it.” (A 12-year old Karen worker, Samut Prakan fish landing site, May 2009)</i></p> <p>Like in the above case, Myanmar children are found to be working in various places like fish processing places and plantation sites and some are involved in street works including vending and bagging.</p>
<p>Trafficking victims Vs illegal migrants</p>	<p>There are many Myanmar migrants in some Thai prisons for various reasons. There are many cases that trucks carrying Myanmar migrants had accidents and many died. However, those who did not die in the accidents ended up in prisons. These accidents happened on the way from Kawthaung-Ranong border to Phuket. Major accidents included those encountered by a truck carrying timber logs (under which Myanmar migrants were hidden) caught on fire that killed all of them, and a sealed container truck carrying 121 Myanmar migrants of which 54 suffocated to death in April 2008. The survivors who were minors were detained at the immigration detention center, and other survivors who were adults were jailed in Ranong. A survivor migrant who was interviewed in a jail in Ranong said:</p> <p><i>“I work in Phuket. I just visited my hometown. As I don’t have any travel documents, I have to use brokers to go back to my hometown and to come back to Thailand. I have been doing like this many times but I had this terrible accident this time. Luckily, I survived but ended up in this jail. There are many other Myanmar migrants here in this jail.” (A survivor of the accident, Ranong Jail, April 2008)</i></p> <p>Several international organizations expressed their concerns because these survivors were supposed to be treated as trafficking victims rather than as criminals who got jailed because authorities in Thailand saw them as illegal migrants rather than victims. Myanmar police officers headed by the head of Anti Human Trafficking Taskforce immediately went to the accident place and discussed with relevant Thai police counterparts. As a result, they were released after a few months later.</p>

Source: Interview surveys in Thailand during 2008~2011

3.1. Questionnaire surveys in Myanmar

3.1.1. Research design

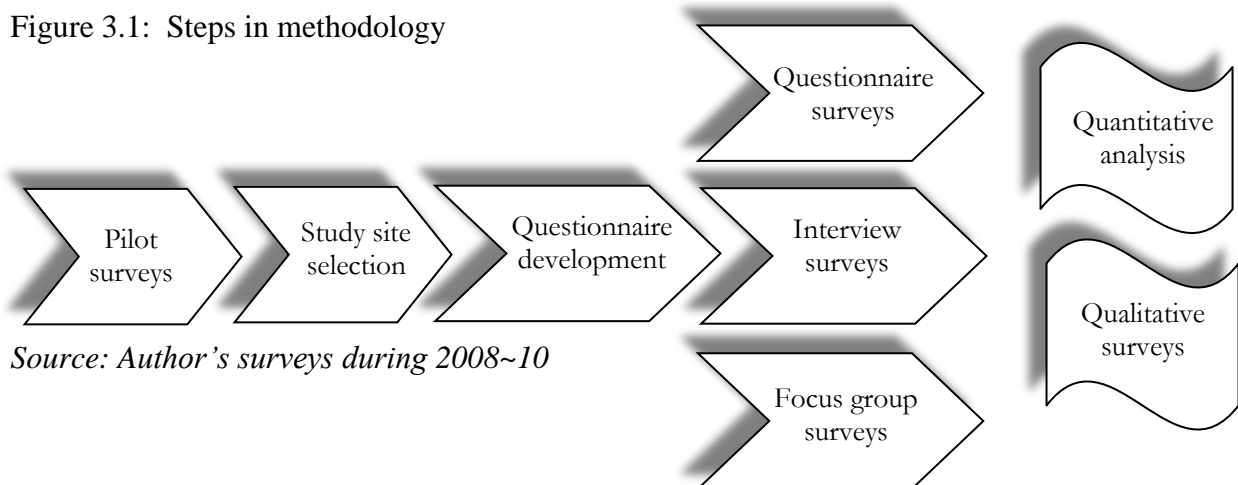
With a view to identify different causes (or driving forces) of migration in different geographical areas where different ethnic nationalities live, and effects or impacts on the community of origin, various methods – in terms of questionnaire surveys, in-depth interviews, focus group discussions, and case studies – were applied for both quantitative and qualitative analyses.

Questionnaire surveys, in-depth interviews, focus group discussions, case-study methods were mainly applied in the dry-zone, which is in the central part of Myanmar and in the Mon State in the southern part, whereas, in-depth interviews, and case studies were mainly conducted in the northern and southern Shan State. Additional in-depth interviews and focus group discussions were conducted at key border areas where the majority of people from Myanmar choose to migrate across the border. Furthermore, migrants coming from Myanmar were also interviewed in Bangkok, Maesot, Maesai, Mahachai, Rannong and Chiang Mai of Thailand, and Ruili (Jiegao) and Kunming in China.

3.1.2. Methodology

The main methodologies applied for this research included questionnaire surveys, interview surveys and focus group surveys conducted at different strategic areas of Myanmar. Steps involved in the methodology started with pilot interview surveys conducted on various stakeholders that include migrants, returned migrants, registered private labor agencies, illegal brokers, etc.

Figure 3.1: Steps in methodology

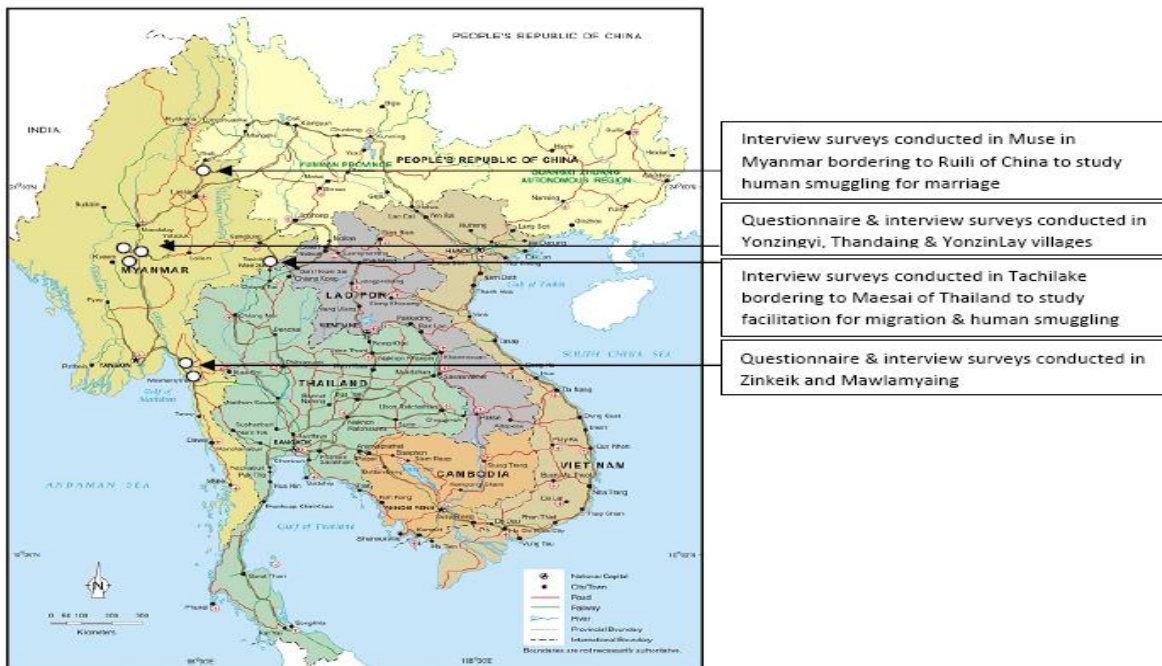


Source: Author's surveys during 2008~10

After the successful completion of pilot interview surveys, strategic study sites were identified taking into account of sources of migrants, legal and illegal channels of migration, and other factors affecting migration decision. Then, stratified sampling method was used with a view to select strategic study areas. In this study, two places at active border areas were selected and another two places on the way to an active border area and three other places that are far from border areas were selected as sample study sites.

Out of these selected sample places, Tachilake is bordering to Maesai of Thailand, Muse is bordering to Ruili of China, Mawlamyaing and Zinkyeik are located on the way to Myawaddy and Kawthaung and the rest three places are in the Dry Zone (middle part of Myanmar) which is far from any border area. Myawaddy and Tachilake are active border channels for most Bamar and Shan ethnics going to Thailand (mostly with short-term border passes and overstay) whereas Kawthaung is an active border channel for most Bamar and Mon ethnics going to Thailand in the same way and Muse happens to be an active border channel for most Bamar and Shan ethnics going to China.

Figure 3.2: Study sites



Source: Questionnaire, interview and focus group surveys during 2008~10

Table 3.2: Study sites

No.	Location	Characteristics	Activities
1	Yonzingyi village	<ul style="list-style-type: none"> • Located in the Dry Zone area in the middle of Myanmar. Poor agricultural condition; no industry • Far from the border • Most people from this area migrate to Malaysia and Singapore 	<ul style="list-style-type: none"> • Questionnaire surveys were conducted on case and control households. • Interview survey was conducted on officials of Township Peace and Development Council
2	Thandaing village	<ul style="list-style-type: none"> • Located in the dry zone • Most people are involved in plantation of agricultural products such as beans, pulses and corn however it is not productive due to lack of proper irrigation • Living conditions of households are poorer than Yonzingyi village 	<ul style="list-style-type: none"> • Questionnaire surveys were conducted on case and control households. • Interview survey was conducted on officials of Township Peace and Development Council
3	YonzinLay village	<ul style="list-style-type: none"> • Located in the dry zone • Plantation of beans, pulses and corn are not productive due to lack of irrigation and lack of labor • Living condition is poorer than Yanzingyi and Thandaing villages 	<ul style="list-style-type: none"> • Questionnaire surveys were conducted on case and control households. • Interview survey was conducted on officials of Township Peace and Development Council
4	Zinkyek	<ul style="list-style-type: none"> • Located on the way to Myawaddy (which is bordering to Maesod of Thailand) and Kawthaung (bordering to Ranong of Thailand) • Most people are involved in paddy plantation 	<ul style="list-style-type: none"> • Questionnaire surveys were conducted on case and control households. • Interview survey was conducted on officials of Township Peace and Development Council • Interview survey was conducted on officials of

No.	Location	Characteristics	Activities
		<ul style="list-style-type: none"> • Most people from this area migrate to Thailand through Kawthaung 	<ul style="list-style-type: none"> • Anti-trafficking Unit in this area
5	Mawlamyaing	<ul style="list-style-type: none"> • Located on the way to Myawaddy and Kawthaung • Most people are involved in trading businesses • Most people from this area migrate to Malaysia, Singapore and Thailand 	<ul style="list-style-type: none"> • Questionnaire surveys were conducted on case and control households. • Interview survey was conducted on officials of Anti-trafficking Unit in this area
6	Tachilake	<ul style="list-style-type: none"> • It is bordering to Maesai of Thailand • It is an active area for human smuggling 	<ul style="list-style-type: none"> • Interview surveys were conducted on illegal brokers who facilitated irregular migration or human smuggling • Interview surveys were conducted on returned migrants and victims of human trafficking • Interview survey was conducted on officials of Anti-trafficking Unit in this area
7	Muse	<ul style="list-style-type: none"> • It is bordering to Ruili of China • It is an active area for human smuggling for marriage 	<ul style="list-style-type: none"> • Interview surveys were conducted on illegal brokers who facilitated irregular migration or human smuggling. • Those brokers were once smuggled into China and got married with Chinese husbands

Source: Questionnaire, interview and focus group surveys during 2008~10

Mawlamyaing and Zinkyek are in the Mon state which is sandwiched between Karen state on the east, the Andaman sea on the west, Bago division on the north and Tanintharyi division on the south. It has a short border with Thailand's Kanchanaburi province at its south-eastern tip. The land area is 12,155 km². It is closer to the Myawaddy border checkpoint bordering to Maesod of Thailand and also to the Kawthaung border checkpoint bordering to Ranong of Thailand. It is estimated that the population in Mon state is around 2,466,000 or 8,466,000. The majority are Mon. However, there is a large number of Bamar, as well as members of the Karen, and Pa-O ethnic groups. Many are isolated and many do not understand or speak Bamar language (which is the official language used by majority in Myanmar). Mon State has a cultivated area of nearly 4.5 million acres (18,000 km²), mostly under rice. The major secondary crop is rubber. Orchards and rubber plantations are found in the mountainous areas while coastal fishing and related industries such as production of dried fish, fish sauce and agar-agar are in southern part, Ye district. Production of betel nut is also a sustaining business of Mon state, however, there are some many parts of uncultivated crude land in the area closed to neighbor Karen state.

Yonezingyi, Thandaung and YonezinLay villages are located in Taungthar township of Myingyan district in the Mandalay division located in the middle part of Myanmar. It is in the dry zone and plantation of beans and pulses are more popular rather than paddy. Since irrigation system is not widely available, farmers rely mostly on rains (during the rainy season from June to October) for their plantation. Since it is located in the middle part of the country, they are not close to any border areas.

Tachilake and Muse are border areas. Tachilake is bordering to Maesai of Thailand whereas Muse is bordering to Ruili of China. Majority of people living in those areas are involved in various trading or trade facilitation businesses. Many people from other parts of Myanmar domestically migrated to those areas for business. Both places are located in the Shan state.

For the quantitative analysis, questionnaire surveys were conducted in the interview style as the interviewer asks the questions set out in the questionnaire and fills up the questionnaire. Case-control analysis was mainly applied for the quantitative analysis. A household where a

migrant's left-behind family live belongs to the case group, whereas a household where there is no family member who has gone through international migration is categorized in the control group. A household where there currently is no family member working abroad, but there is a family member, who has had international migration experience, is grouped in the category of returned migrant family. An equal number of cases and controls is maintained in order to achieve a higher level of statistical significance.

Although finding a proper control group is not easy, it was successful to maintain the number of respondents in the control group higher than that in the case group. In the areas where out-migration is prominent, it is not easy to find an equal number of households that belong to the control group. In some cases, attempts were made to identify another village where families with no migration experience are available around the same area with a similar socio-economic condition. In some cases, only a small number of case households equivalent to that of control households were surveyed and the number of villages was increased to reach the required number of samples. As a result, a total of 921 samples of respondents from 321 households were selected from 5 places for quantitative analyses.¹⁹

In addition to the samples for questionnaire surveys, 200 respondents were interviewed in 29 places²⁰. In each and every place where surveys were conducted focus group discussions were performed. In the focus group discussions, efforts were made to include as many stakeholders as possible, including local authorities, village heads, respected senior villagers, village formal and informal committees, and villagers involved in various livelihoods.

In the questionnaire, appropriate questions asking the main reason for making a decision for migration of a family member were included along with other questions that could be set as dependent and independent variables. With a view to identify the impact of migration, questions related to the house's condition, sanitary facilities, electricity, possession of assets and livestock, water accessibility, and land ownership were asked in order to calculate the socio-economic

¹⁹ Places where the questionnaire surveys were conducted are Yonzingyi, Thandaing, Yonzinlay, Zinkyek, and Mawlamyaing.

²⁰ Places where the interview surveys were conducted are 16 villages in the dry zone; Muse, Theinni, Lashio, and Tachilake of Shan State in Myanmar; Bangkok, Mahachai, Maesot, Maesai, Ranong, and Chiang Mai in Thailand; Jiegou and Ruilli in China

condition of a household, which is the weighted average of these conditions. Then, the case-control analyses with binary or multinomial logistic regressions were the main methods used to identify the impacts.

3.1.3. General findings

During the surveys it was found that households having one or more migrants who have migrated overseas (i.e. case households) account for 43 percent whereas control households account for 54 percent respectively.

Table 3.3: Household type

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Case-Household with migrant now but no past migrant	140	43.2	43.2	43.2
Control-Household with no migrant now and no past migrant	174	53.7	53.7	96.9
Control-Household with no migrant now but with past migrant	10	3.1	3.1	100.0
Total	324	100.0	100.0	

Source: Questionnaire surveys on 321 households during 2008~10

The following table depicts different key characteristics of household members on which questionnaire surveys were conducted.

Table 3.4: Survey outcomes

Variable	Findings
Sex	Out of 921 household members interviewed, 51 percent is found to be male and 49 percent female above 15 years of age.

Variable	Findings
Age	Age groups are categorized into five of which household members with the age from 15 to 24 fall into the first category (22.3 percent), 25 to 30 fall into the second (19.5 percent), 31 to 39 into the third (18.9 percent), 40 to 52 into the fourth (20.1 percent) and the age of 53 and above fall into the fifth category (19.2 percent) respectively. It is found that most household members in the sample who are currently working overseas are found to be in the second category of age.
Ethnicity	<p>Majority of respondents (92.7 percent) are found to be Bamar whereas other ethnic minority interviewed include Mon (6.4 percent), Karen (0.7 percent) and Indian blood (0.2 percent).</p> <p>It should be noted that the above percentages are based on the sample only. Although many Bamars can be seen working in Thailand, the number of ethnic minorities, especially Mons and Karens, working in Thailand is much higher; whereas more Bamar migrant workers can be found in Malaysia, Singapore, and Dubai.</p>
Education	Majority of household members interviewed (45.2 percent) are found to have only elementary level education and only 3.8 percent of them are graduates since questionnaire surveys are conducted in rural areas where education used to be mostly viewed as a second priority.
Marital status	Out of the household members surveyed, it is found that 35.9 percent of them is single, 58.0 percent married, 0.8 percent divorced, 0.7 percent separated and 4.7 percent widows or widowers respectively. It is found that the majority of those who are currently working abroad are singles and divorced.
Main livelihood activities	It is found that 12.9 percent of sample household members do not have regular job, 36.5 percent of them working on family owned firms, 7.4 percent working on someone else's farms as wage workers, 1.3 percent working in non-agricultural sector as wage workers, 3.4 percent working in regular employment and 12.2 percent is involved only in seasonal odd jobs.
Income	17.0 percent of sample household members does not have income whereas 33.2 percent has regular income, 34.7 percent has non-regular but predictable income and 14.1 percent has non-regular and unpredictable income.

Variable	Findings
Migrated country	<p>Majority of household members in the sample are found to have migrated to Malaysia (75.6 percent) and Thailand (18.3 percent). There are a few people in the sample who have migrated to other countries such as Korea (3.0 percent) and Singapore (2.4 percent).</p> <p>It should be noted that the above percentages are based on the sample only. In fact, the number of people going to Thailand is higher than that going to Malaysia. There are more than one migrant from the same family who have gone to Thailand whereas there is normally only one migrant from each family who have gone to Malaysia. Hence, families of migrants who have gone to Thailand are concentrated only in some areas such as Mon state, Karen state and Shan state (to some extent) whereas families of migrants who have gone to Malaysia are widespread in the dry zone which is much bigger. Hence, in terms of HH, number of families with migrants who have gone to Malaysia is higher, whereas in terms of members, number of migrants who have gone to Thailand is higher.</p>
Migrated method	<p>It is found that majority of the sample household members (66.7 percent) migrated through registered private labor agents and their assigned brokers. Some of them (30.2 percent) are found to have migrated through informal (or illegal) local brokers (especially those going to Thailand) and others (2.5 percent) through their own social networks.</p>
Cost of migration	<p>Majority (12.8 percent) of the sample incurs around Kyats 1.5 millions (approx. US\$ 1250) for the migration of one of their household members and some incur around Kyats 1.2 millions (approx. US\$ 1000).</p> <p>Out of the sample household members who have migrated, it is found that the costs of migration incurred to the families are very high. 37.8 percent of them incurs up to Kyats 1 millions (approx. US\$ 833), 29.9 percent incurs Kyats 1~1.45 millions (approx. US\$ 833~1200) and the rest incurs above Kyats 1.45 millions (approx. US\$ 1200)</p>
Source of funding for migration	<p>It is found that majority (51.2 percent) funded the costs of migration entirely by borrowing money from informal financial brokers at very high interest rates. There are some people (12.8 percent) who funded the costs by their respective family's own savings and some (1.2 percent) funded not only by family's but also by relatives' savings. Some families (4.3 percent) still find their savings and their relatives' savings not enough so that they still had to borrow at high interest rates.</p>

Variable	Findings
Amount borrowed for migration	<p>It is further found that households borrow as high as Kyats 7 millions (approx. US\$ 5830) to pay for the costs of migration of one of their family members.</p> <p>Majority of the sample households (13.6 percent) borrow about Kyats 1.5 millions to pay for the migration costs.</p>
Interest rate	<p>It is found that some households (9.7 percent) have to borrow with the interest rate as high as 180 percent per annum. The majority of households borrow at the interest rate of 120 percent per annum.</p>
Frequency of remittance	<p>The majority of migrants (55.6 percent) is found to send remittance regularly (around 9~10 months per year) although they may not be able to send monthly. The 13.1 percent of migrants send remittances home monthly.</p>
Amount of remittance	<p>Some migrants in the sample (0.7 percent) send remittances home as high as Kyats 8 millions (approx. US\$ 6,667) per year.</p> <p>The majority of them (21.3 percent) send around US\$ 1000 per year.</p>
Thought about migration	<p>Out of sample household members, more male respondents (32.1 percent) said they had thought about migration and had been planning for this.</p> <p>Lack of thought about migration is found to be due to family responsibility and old age. Some (11.3 percent) think it is risky and 8.4 percent thinks it is expensive.</p> <p>Out of those who have plans for migration, the majority (72.5 percent) intend to earn more income. 9.4 percent wants to migrate in order to follow their friends and relatives and 6.9 percent wants to do so because other people around the areas they live have migrated.</p>
View on cost of migration	<p>Out of sample respondent household members, majority (58.0 percent) views that costs of migration are high and very high.</p>
View about migration effect on family's happiness	<p>Majority (49.6 percent) of household members whose family members are currently working abroad views either unhappy or very unhappy whereas 19.8 percent of them views indifferent.</p>

Variable	Findings
View about increased burden on the family	Compared to households with no migrant member, those having at least a migrant member currently working overseas (46.0 percent) view that there are increased burdens on their families.
View about respect on the family	Compared to households with no migrant member, those having at least a migrant member currently working overseas (23.8 percent) view that their social networks show more respect to them.
View on living status	Compared to households with no migrant member, those having at least a migrant member currently working overseas (28.0 percent) view that they have better living status.
View on financial status	Compared to households with no migrant member, those having at least a migrant member currently working overseas (51.3 percent) view that they have better financial status.
Housing status rank	Out of sample households, 55.2 percent is found to be in low housing status, 35.5 in medium and 9.3 percent in high housing status around their respective areas.
Possession status rank of household facilities	Out of sample households, 57.1 percent is found to possess low level of household facilities, 18.8 percent medium and 24.1 percent high around their respective areas.
Water accessibility status rank	Out of sample households, 54.6 percent has low access, 34.6 percent has medium, and only 8.6 percent has easy access to quality water that are available in every season.
Land ownership rank	Out of sample households, 33.3 percent has low ranking in land ownership status, 34.6 percent has medium and 32.1 percent has high ranking around their respective areas. Most households having higher ranking in land ownership status possess family owned agricultural farms.

Source: Questionnaire surveys on 321 households during 2008~10

It was found that the majority of people from Mon state migrate to Thailand through various informal channels whereas the majority of people from the dry zone are going to Malaysia. Migration flows from Mon state to Thailand have been in existence for a long time whereas major migration flows from the dry zone to Malaysia started only after the

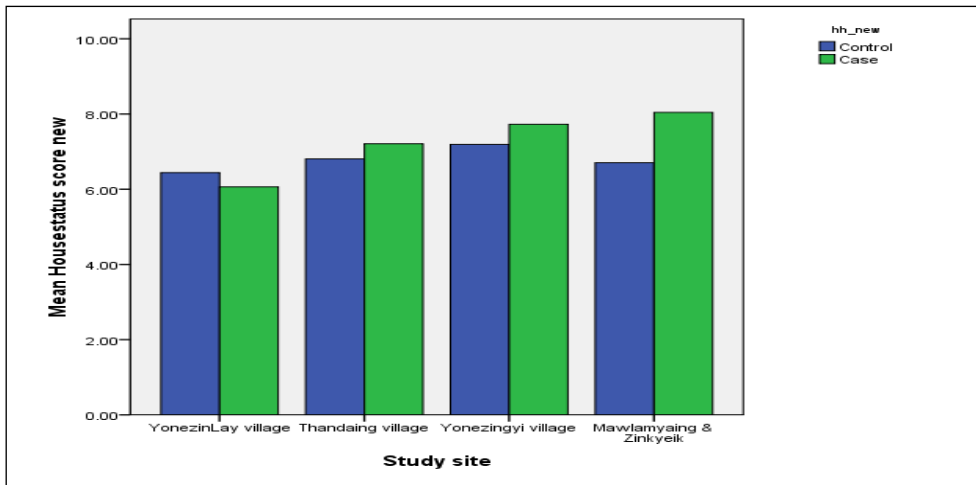
promulgation of the Overseas Employment Law in 1999. Hence, people from Mon state have established a wider coverage of social networks in Thailand and this makes it easier for them to go and work in Thailand. Cyclical migration can also be found between Mon state and Thailand since there are many people who work in Thailand and come back during holidays and some of them go to Thailand through various informal channels to see their relatives and friends and some to pick up children who were born in Thailand for raising them in Myanmar.

During the study period, interview surveys on families of migrants going through various informal channels to Thailand were limited due to the fact that most family members seemed to be hesitant to answer the questions. Generally, the majority of respondents are interested to work in Thailand to earn more than what they could get in their areas and they are desirous of doing it legally if it is convenient and affordable.

Migration effect on socio-economic status

With a view to quantitatively analyze the impacts of migration on left-behind families of migrants, surveys are conducted in 5 different study sites in which migration to Malaysia is mostly found in the first 3 sites (i.e., Yonezinlay, Thandaing and Yonezingyi) and migration to Thailand is mostly evident in the rest (Mawlamyaing and Zinkyeik). Around 50 percent of surveyed households in each village are selected from households with at least one migrant currently working away (case households) and the rest from households without a migrant (control households). Then, household status, and the socio-economic status (which takes into account asset possession status, water accessibility status, livestock possession status and land ownership status) of both case and control households in each village were compared.

Figure 3.3: Mean comparison of household status of case and control households in each village



Source: Questionnaire surveys during 2008~2010

Table 3.5: ANOVA

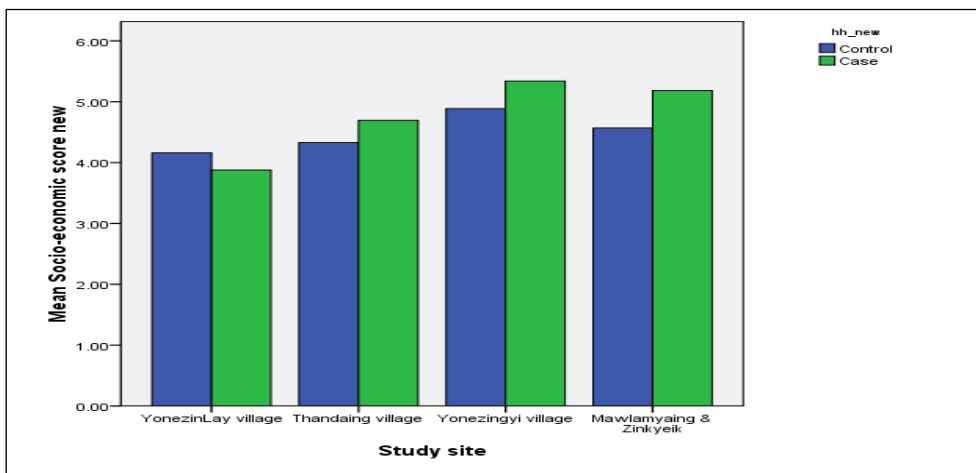
Study site		N	Mean	Std. Deviation	Std. Error	P-value	Minimum	Maximum
YonezinLay village	Control	82	6.4412	1.74488	.19269	0.173	2.73	10.00
	Case	80	6.0606	1.91132	.19819		2.73	10.00
	Total	162	6.2390	1.83988	.13908		2.73	10.00
Thandaing village	Control	29	6.8065	1.61377	.25841	0.437	4.55	10.00
	Case	14	7.2078	1.72725	.46163		2.73	10.00
	Total	43	6.9125	1.63733	.22490		2.73	10.00
Yonezingyi village	Control	35	7.1919	1.43507	.21393	0.167	4.55	10.00
	Case	20	7.7273	1.39906	.31284		4.55	10.00
	Total	55	7.3566	1.43491	.17798		4.55	10.00
Mawlamyaing & Zinkyek (These two places were combined as they are in the same Mon State and are close to each other)	Control	28	6.7045	1.36904	.48403	0.031	5.45	10.00
	Case	26	8.0420	1.22228	.33900		5.45	9.09
	Total	54	7.5325	1.41254	.30824		5.45	10.00

Source: Questionnaire surveys during 2008~10

Factors of household status that include type of roof, type of wall, type of floor were appropriately scored, mean average of these scores in each surveyed area were compared. It is evident that apart from the first village, Yonezinlay, the mean of the household status of case households are higher than those of control households. It is not evident in the first village because most of its migrants have been away for less than 1 year so that their left-behind households have not fully paid back their migration debt and are still heavily indebted. Statistical significance is evident especially in the last study sites (Mawlamyaing and Zinkyek) in which the mean household status of case households are significantly higher than that of control households at a 95 percent confidence level.

Next, the socio-economic status score of each household was calculated by combining the weighted average of household status, possession status, water accessibility status, livestock possession status and land ownership status. Comparison of the mean value of socio-economic scores between case and control household in each village is depicted as follows.

Figure 3.4: Mean comparison of socio-economic status of case and control households in each village



Source: Questionnaire surveys during 2008~10

Table 3.6: ANOVA

Study site		N	Mean	Std. Deviation	Std. Error	P-value	Minimum	Maximum
YonezinLay village	Control	82	4.1617	1.36104	.15030	0.129	2.05	10.00
	Case	80	3.8777	1.09733	.11379		1.98	8.30
	Total	162	4.0108	1.23256	.09317		1.98	10.00
Thandaing village	Control	29	4.3286	1.30100	.20833	0.369	2.29	6.92
	Case	14	4.6945	1.27606	.34104		2.11	6.74
	Total	43	4.4252	1.29248	.17754		2.11	6.92
Yonezingyi village	Control	35	4.8879	1.36467	.20343	0.224	2.54	7.88
	Case	20	5.3409	1.39151	.31115		3.70	8.36
	Total	55	5.0273	1.37825	.17095		2.54	8.36
Mawlamyaing & Zinkyeik (These two places were combined as they are in the same Mon State and are close to each other)	Control	28	4.5681	1.07433	.37983	0.416	3.21	6.35
	Case	26	5.1826	1.90031	.52705		2.84	8.30
	Total	54	4.9485	1.63222	.35618		2.84	8.30

Source: Questionnaire surveys during 2008~10

It is also evident here that the mean of the socio-economic status of case households in each village apart from the first Yonezinlay village is higher than that of control households. As above, case households in the first village are heavily indebted resulting in low socio-economic status. However, it was found that mean difference in socio-economic status of case and control households in each village is not statistically significant at 95 percent significant level.

It is estimated that there are more than 2 million Myanmar migrants in Thailand and around 0.5~1 million migrants in Malaysia. Although there are several other major destinations for Myanmar migrants such as China, Singapore, Middle East, Korea, Japan, and Australia, Thailand and Malaysia are the biggest receiving countries of Myanmar migrants, both legal and illegal. Hence, attempt is also made in this section to compare the socio-economic status of

households of those going to Malaysia and Thailand through binomial logistic regression models.

With a view to develop the binomial logistic regression models, socio-economic scores are transformed into ranks with 1 cut point, 0 representing low status and 1 representing high status. Then, the binomial socio-economic statuses of households are set as the dependent variable and the country (i.e., Malaysia and Thailand) is set as the independent variable in the model as follows in order to find out the effect of migration destination (Malaysia and Thailand) on the socio-economic status of households.

$$\text{Socio-economic status of households} = \frac{1}{1 + e^{-(0.162 + 0.567 \text{ Migrated Country})}}$$

Table 3.7: **Logistic Regression 1**

Dependent	Socio-economic status rank
Categorical covariates	Migration to Malaysia Migration to Thailand
Reference category	Migration to Malaysia
Odd ratio	1.763
P-value	0.17

Source: *Questionnaire surveys during 2008~10*

It is found that compared to households having a migrant going to Malaysia, the chance of households having a migrant going to Thailand to fall in the category of medium and high socio-economic status happens to be 76 percent higher. In other words, households having a migrant going to Thailand are found to be better off than those having a migrant going to Malaysia. However, it is statistically significant only at 83 percent confidence level.

Looking at the factors behind migrants going to Malaysia and Thailand, it can be found that the majority (90 percent) of migrants going to Thailand went through informal (and illegal in most cases) local brokers and the majority (26.7 percent) of them incur migration costs of around Kyats 200,000; some of them incurs around Kyats 500,000. However, the majority (82.0 percent) of migrants going to Malaysia went through registered labor agents and out of them, the majority (16.9 percent) incur around Kyats 1.5 millions in debt. Obviously, migrants going

to Malaysia have to pay a cost which is over 10 times higher than those going to Thailand. Since the average level of households' annual income in rural areas is less than Kyats 1 million, the costs incurred for migration of a family member to Malaysia are quite high.

In addition, payment options available for those going to Thailand are found to be more attractive compared to those available for the ones going to Malaysia. The ones going to Thailand can choose whether to pay in local currency in Myanmar, to pay in Baht in Thailand only after their safe arrival; or by installments deducted from their wages. However, it was found that the majority of those going to Malaysia have to pay the whole sum even before their arrival at their respective destinations.

Furthermore, those going to Malaysia need to go through a lengthy process that includes the approval of the labor department, and the application for various travel documents such as passport, form-17 and form-19 (for tax clearance). Those going to Thailand need only a few minutes for the issuing of a border pass at the border gate.

Due to the high cost of migration, it is found that the majority (95.1 percent) of households having a migrant going to Malaysia have to borrow from informal money lenders at very high interest rates that are usually about 120 percent or higher per annum. Out of them, 59.7 percent fund the cost of migration entirely from such informal and very expensive loans. It is also found that the majority of these (14.9 percent) needs to borrow about Kyats 1.5 millions (approximately US\$ 1250). In contrast, almost all migrants going to Thailand do not need to borrow money since the cost is affordable.

The majority of households having migrants going to Malaysia normally receive remittances of around Kyats 2.4 millions (approximately US\$ 2000) per year. However, their left-behind families are indebted and have to regularly pay the interest and principal amount of what they owe. Since the majority of them owe around Kyats 1.5 millions and pay an interest rate around 120 percent per annum, they have to pay 75 percent (Kyats 1.8 millions for the interest out of Kyats 2.4 millions remittance they receive) and pay back the principal amount from the rest. As the result, it normally takes 1.5~2 years for migrants going to Malaysia to be able to pay back the entire amount of their loan with interest. Hence, the socio-economic status of households with migrants recently going to Malaysia (up until 2 years after their migration)

is found to be low. Those going to Thailand do not need to pay back such loans in most cases especially in the Mon State since the majority of them can afford to fund the cost (which is quite affordable) from their families' savings.

To sum up, due to the lengthy and complicated process, high costs associated with it, and lack of easy accessibility and affordability, households having a migrant going to Malaysia or other countries by legal channels through registered labor agents normally become indebted, meaning that their socio-economic status is low until about 2 years after their migration. Whereas, due to its convenience, higher accessibility and affordability, households having a migrant going to Thailand by illegal channels are found to be in a higher socio-economic status. Similarly, comparing the villages from which many people have gone to Thailand and villages from which many people have gone to Malaysia, it is found that socio-economic status of families living in the former is much higher than those in the latter. One possible reason is that migrants from the former villages have been going to Thailand for decades whereas migrants going to Malaysia could be found only after the promulgation of Overseas Employment Law in 1999. Hence, families of migrants going to Thailand might have benefited more and for a longer time than those going to Malaysia. Further, due to high costs and other discouraging factors, the pace of development of the socio-economic status of families of migrants going to Malaysia is found to be very slow and some families of them are even suffering from negative social impacts due to high indebtedness.

It should be noted that those going through informal channels do not normally have an adequate knowledge about the future costs of illegality or the benefits of legality. They do not normally think of the longer term; they tend to think of short-term benefits only (i.e. to reach their desired destinations in the fastest and cheapest way). It could be attributed to livelihood hardship and limited educational background. What they normally have in their mind is to dance according to the tune when they actually face with problems in the future.

Likewise, those going to Malaysia do not have an adequate knowledge, meaning that most of them become illegal in the host countries as they do not extend their passports' validity or stay permit, for they do not want to incur high costs of being legal such as taxes, fees related to passport extension, and levies, etc. They do not want to incur such costs because they would

not be able to pay back their families' debt in a reasonable time if they do so. Hence, the main causes of negative migration impacts on the families (among others) happen to be high costs associated with migration and lack of proper knowledge. If the costs associated with migration and costs associated with being legal in host countries could be lowered and the whole process could be made convenient, accessible and affordable, the development of safe migration channels would be within reach.

Remittance and economic impact

As the remittance is a main factor that may have impacts on migrant's families in the home communities, the analysis on remittance was also conducted in this study. Most Myanmar migrants send remittances back home regularly (around 10 months out of the year) and this should have some positive effects on the livelihood of their left-behind families. This section attempts to find out how these remittances sent by the migrants are used by their left-behind families.

Households (both cases and controls) in the sample tend to spend their income in various ways such as by purchasing more assets, making informal loans for interest income, which is considered by them as an investment, or spending on household utilities and entertainment. In order to find out the extent of spending of each household in each category, different rankings on purchasing assets, investment and general spending were developed.

Firstly, a univariate binomial logistic regression model was developed as follows to find out how the households having a migrant currently working overseas (case households) differ from the households having no migrant currently working overseas (control households) in their behavior of purchasing assets.

$$\text{Ranking on purchasing assets} = \frac{1}{1 + e^{-(1.452 + 0.567 \text{ HH Type})}}$$

Table 3.8: Logistic Regression 2

Dependent	Household's purchasing assets
Categorical covariates	Case households Control households

Reference category	Control households
Odd ratio	1.266
P-value	0.39

Source: Questionnaire surveys during 2008~10

It is found that the chance of households in the case groups' purchasing of more assets is 1.266 times higher than that of households in the control group. In other words, households having a migrant currently working overseas tend to purchase more assets compared to those having no migrant currently working overseas. It is statistically significant, however, only at 71 percent confidence level.

Secondly, the following model is developed to find out how households in the case and control groups differ in their behavior of making investments.

$$\text{Ranking on making investment} = \frac{1}{1 + e^{-(1.242 + 1.989 \text{ HH Type})}}$$

Table 3.9: Logistic regression 3

Dependent	Household's investment rank
Categorical covariates	Case households Control households
Reference category	Control households
Odd ratio	7.308
P-value	0.001

Source: Questionnaire surveys during 2008~10

It is found that compared to households in the control group, the chance of households in the case group making more investment happens to be 7.308 times higher and it is statistically significant at 95 percent confidence level. In other words, households having a migrant currently working abroad can invest much more with remittances received, compared to households having no current migrant. However, due to a lack of various investment opportunities accessible to them, most of them are found to lend money to other households for the migration of their household members. Lending money for interest income is considered by them as making investment.

Thirdly, the following model found that compared to households in the control group, the chance of households in the case group spending on other expenses is found to be 46.7 percent less and it is statistically significant at 95 percent confidence level. In other words, households in the case group tend to spend less on other household items that are not investments or assets in nature.

$$\text{Ranking on spending others} = \frac{1}{1 + e^{-(0.184 + 0.629 \text{ HH Type})}}$$

Table 3.10: Logistic Regression 4

Dependent	Household's spending rank
Categorical covariates	Case households Control households
Reference category	Control households
Odds ratio	0.533
P-value	0.008

Source: Questionnaire surveys during 2008~10

Hence it is noted that households having a migrant currently working abroad tend to invest more and buy more assets but spend less on other things compared to households having no migrant currently working overseas.

Next, additional univariate binomial logistic regression models were developed to find out how households of migrants going to Malaysia differ from those of migrants going to Thailand in their behavior on making investment, purchasing assets and spending for other items.

$$\text{Ranking on purchasing assets} = \frac{1}{1 + e^{-(1.327 + 0.480 \text{ Migrated Country})}}$$

Table 3.11: Logistic Regression 5

Dependent	Household's purchasing assets
Categorical covariates	Migration to Malaysia Migration to Thailand
Reference category	Migration to Malaysia
Odds ratio	1.615

P-value	0.001
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Source: Questionnaire surveys during 2008~10

$$\text{Ranking on spending others} = \frac{1}{1 + e^{-(0.973 + 0.568 \text{ Migrated Country})}}$$

Table 3.12: Logistic Regression 6

Dependent	Household's spending rank
Categorical covariates	Migration to Malaysia Migration to Thailand
Reference category	Migration to Malaysia
Odd ratio	1.765
P-value	0.001

Source: Questionnaire surveys during 2008~10

It is found that compared to households of migrants going to Malaysia, the chance of households of migrants going to Thailand purchasing more assets is 61.5 percent higher. It is further found that the chance of households in the case group with a migrant currently working in Thailand having the behavior of spending on other expenses such as household utilities, medicines, food, clothes, and entertainments, is 75.6 percent more than those having a migrant currently working in Malaysia.

It is thus to be noted that households having a migrant currently working in Thailand tend to buy more assets and spend more on other things compared to households having a migrant currently working in Malaysia. This is because the chance that households in the case group (the majority of which are households having a migrant currently working in Malaysia) are still paying back loans is 11.406 times higher than households in the control group and it is statistically significant at 95 percent confidence level.

Finally, views of members of households both in the case and control groups show that the chance of members of households in the case group viewing their living status as higher compared to the previous year is 2.130 times higher than members of households in the control group. Likewise, the chance of household members in the case group perceiving their financial status as higher than the previous year is found to be 4.230 times higher than household members in the control group. These two analyses are statistically significant at 95 percent confidence

level. Hence, it is noted that views of household members in the case group on their financial status and living standards are found to be more positive and optimistic than that of household members in the control group. This is because the majority of household members in the case group feel safer due to the family due to constant inflows of remittances from their family members working overseas. They also tend to feel their lives are secured and think that the family can cope with any unexpected economic shocks in the family's livelihood in the future. However, households that are negatively impacted by migration due to heavy indebtedness, which are found to be in the minority group in the sample, are exceptional.

Social and emotional impact

Although views of household members in the case group on their financial and living standard are found to be more positive than that of household members in the control group, most household members in the case group view that they share more burden of the family. The following regression models show that the chance of left-behind household members in the case group feeling a high burden on the family is 1.227 times higher than that of household members in the control group and it is statistically significant at 95 percent confidence level. It is also noted that the chance of household members in the case group feeling more loneliness is 2.517 times higher than that of household members in the control group. This is also statistically significant at 95 percent confidence level. Furthermore, the chance of left-behind household members in the case group feeling happier is 52.8 percent lower than that of households members in the control group. It shows that compared to members of households having no migrant working overseas, more members of households having a migrant currently working abroad think that their family is not happy and this finding is statistically significant at 95 percent confidence level.

$$\text{View on more burden on the family} = \frac{1}{1 + e^{-(0.062 + 0.205 \text{ Members of different HH types})}}$$

Table 3.13: Logistic Regression 7

Dependent	Family burden
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Categorical covariates	Members of case households Members of control households
Reference category	Members of control households
Odds ratio	1.227
P-value	0.21

Source: Questionnaire surveys during 2008~10

$$\text{Household members feeling loneliness} = \frac{1}{1 + e^{-(0.915 + 0.923 \text{ Members of different HH types})}}$$

Table 3.14: Logistic Regression 8

Dependent	Loneliness
Categorical covariates	Members of case households Members of control households
Reference category	Members of control households
Odds ratio	2.517
P-value	0.001

Source: Questionnaire surveys during 2008~10

$$\text{Household members feeling happiness} = \frac{1}{1 + e^{-(0.767 + 0.751 \text{ Members of different HH types})}}$$

Table 3.15: Logistic Regression 9

Dependent	Happiness
Categorical covariates	Members of case households Members of control households
Reference category	Members of control households
Odds ratio	0.472
P-value	0.001

Source: Questionnaire surveys during 2008~10

Effect on environment, community, and religion

By comparing the villages where almost every household has at least one or more migrants currently working abroad with other villages where there are only few or no households with migrants, it was found that households of the former category of villages contribute more towards the development of their villages as they made more donations and contributed towards social and religious activities.

One good example can be seen in the village in Mon State where households in the village constructed a large Pagoda in the village, re-constructed the office of the village head,

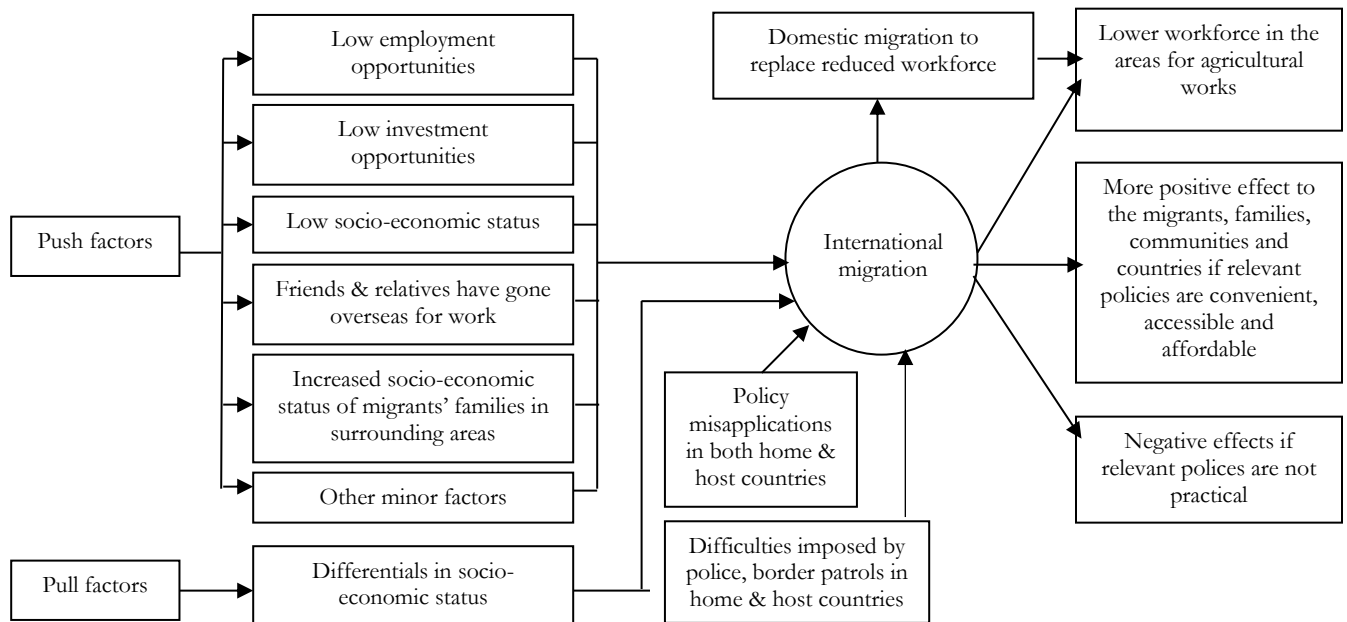
and furthermore they even constructed a concrete-surfaced road linking the village with the main high-way road. And they also managed to keep their environment cleaner. It reveals that villages with many households having at least one migrant working overseas are more united in contributing something towards a better environment, local economy, and religion. It does not necessarily mean that villages having few case households do not make any contribution to the community. It just highlights that contribution to the community of households in the villages where many households in the case group exist, is found to be significantly observable.

Other effects of migration

It is found that international migration has activated or re-activated the dynamics of domestic migration in many areas. Interview surveys in Mon villages reveal that a significant number of the work force have left their traditional agricultural businesses such as paddy, and rubber, for working in Thailand. Since the cost of illegal migration to Thailand is lower, families can send more than one family member and as the result a family having two or more family members currently working in Thailand can receive average total remittances of about K 1 million per month, leading to a higher socio-economic status.

However, due to the significantly lower number of workforce around the area of origin as a result of international migration, agricultural businesses of most households are run with workers who migrated domestically from other parts of Myanmar such as Bago, Waw, and the Ayeyarwaddy delta. As a result, reduced labor-force due to international migration does not have significant impact on agricultural businesses because of domestic migration. Households in those areas can also pay to hire the labor force from other parts of Myanmar due to remittances sent by their migrant family members working overseas.

Figure 3.4: Factors of migration and impacts



Source: Interview and focus group surveys during 2008~12

In the case of Mon State, international outward migration from Myanmar so far does not have negative impact on agricultural practices and it tends to have positive effect (mostly in the longer term) on the left-behind families, communities and this could contribute towards poverty reduction process of the country. However, restrictions and controls on migration could impose various negative economic and social impacts on the migrants and their families in the community of origin.

Further discussions: Current and potential benefits

Costs and benefits of migration have been controversial for the governments of both countries of origin and destination countries. For the countries of origin, the argument often comes down to “remittances” versus “brain drain” and evidence on both sides is weaker or stronger depending on countries of destination (Aung, 2009, p.38). For the countries of destination, it is controversial, seen both as the impact of migration as “loss of employment for

locals” or “filling the gap of labor shortage”, that is whether it is a gain or a loss for the national economy.

Although evidence regarding causal effects and impacts of migration have been contradictory and fragmentary for more developed countries, they are somewhat less complicated for less developed countries. In less developed countries, although there are many possible causal effects of migration creating different types of migration such as forced migration (such as “armed-conflict-induced” forced migration, “non-armed-conflict-induced” or state/society-conflict-induced forced migration, “economic” or livelihood/vulnerability-induced forced migration) and “normal” migration (i.e. “economic” migration which is not forced) (South, 2007, p.7). In most cases, migration is often triggered by low socio-economic status, vulnerability, and lack of livelihood options, and the main purpose of migration normally is income maximization and diversification of families’ risk. Hence, major types of migration from less-developed countries, while other types also exist in lesser extent, are economic forced migration and normal economic migration. Thus, most labor migrants coming from less developed countries are normally less-educated, and take the jobs that are not preferred by locals in more developed receiving areas or countries.

In the case of Myanmar, the majority of migrants leaving Myanmar these days are unskilled and semi-skilled workers, and also students, requiring further exposure, experience and education for their perfection. According to the survey conducted jointly in 2003 by World Vision Foundation of Thailand, and the Asian Research Center for Migration of Chulalongkorn University, 61.8 percent of Myanmar migrants in Maesai, Maesod and Ranong districts of Thailand have no education or only primary level education. Likewise, the majority of migrants going to Malaysia are unskilled workers without a higher level of education. Thailand and Malaysia are the countries where most of the surveyed Myanmar migrants are concentrated. Although there are quite a number of educated young people going to the Middle East, the majority of them are semi-skilled workers who need further international exposure and experience for their career development. In Singapore, the majority of Myanmar migrants are students who are still learning at the higher level of education. Although there are considerably advanced and more highly educated classes of Myanmar experts in Singapore, they are not the

majority in terms of sheer number of Myanmar migrants worldwide. Hence, the process of exodus of Myanmar migrants going abroad these days cannot be considered “brain drain”. On the contrary, the process could be considered as the process of long-term investment in human resources for the “future brain gains” (Aung, 2009, p.40).

“Remittances” from international migrants play an extraordinary role in economic accounts of many developing countries, in some cases far more important than official development assistance. However, sending countries have had great difficulty in converting remittance income into sustainable productive capacity and many experts believe that labor migration does not significantly improve the development aspects of the country of origin. In the case of Myanmar, although remittance incomes do not necessarily explain the full impact of remittances on poverty, they do have a very important effect on the standard of living of the sending communities’ households, form a significant portion of household income, and strengthen the safety net for poor families. The use of remittance income for community and religious activities significantly increases social capital and higher level of consumption has positive economic multiplier effects at least to some extent (Aung, 2009, p.31; Wongbonsin, 2009, p.167).

An additional positive effect of migration especially for countries of origin (and countries of destination to some extent) is increased transnational networks that are today one of the most important developmental resource associated with international migration. The diaspora model, for example, sees past and present citizens as part of a network of rights and obligations in an extended “community” that includes the home country. Increasingly, the governments of countries of origin are seeking to cultivate ties with the diasporas, seeing them as a source of investment, overseas market openings, foreign exchange, expertise, and political support (Newland, 2003, p.7). Since Myanmar, still in the first stage of the migration process in most places, has not yet extensively experienced the benefits of transnational networks which is experienced by countries in the third stage. However the trend is being developed, and those migrants outside of the country can soon benefit from the process of “brain gain” away from home. Their future return at the time Myanmar is more developed and their potential

contributions towards the industrial and economic development of Myanmar will be very significant.

3.2. Migrants abroad: Shan/Thai informal movement

Interview surveys were conducted in August 2012 around the Ban Teud Thai sub-district at the Thai-Myanmar border. As it is a border town, where the migration between the two countries is very common. The majority of those who migrated are various ethnic races of Myanmar from Shan state, which is located in the eastern part of Myanmar. Unlike in many parts of Myanmar, where the extreme poverty is found to be not the major push factor as the costs of migration does not enable those in extreme poverty to migrate, Ben Teud Thai village is a place, into which, in the past, people (who are well below the poverty line) walked with the objective of having a better life and re-uniting with friends and families who have been in that area for quite some time. Unlike in various places in Myanmar, where people use brokers to transport them across the border, many of those who came to the village just walked in by themselves without assistance from brokers. However, some of them paid a nominal fee to other ethnic nationals who are known to be good at tracking in the forest, to guide them across the border through the forest.

There is a border gate where Thai immigration is taking control on the Thai side and Shan State Army, which used to be fighting against Myanmar government and had just concluded a ceased fire agreement before the survey took place, is in control of the border area on the Myanmar side. People at the border including the border patrol from both countries, sometimes feel that the border at that area does not make sense. A border guard said that sometimes they did not exactly follow the rules and regulations of the central government as to border crossings. There are some Thai education and healthcare NGOs that have been working on Myanmar side and the NGO staff have been crossing the borders very frequently without having checked as they are all familiar with border guards and for them border crossing is on a day to day basis. Shan people on Myanmar side consider themselves as Thai Yai belonging to the same nationality as Thailand. And they do not seem to think they are on the “Bamar” side

as they feel that they belong to Thailand somehow. During the survey, they were celebrating the Thai Queen's birthday across the border in the Shan state on the Myanmar side.

Most of the people who have been living in the sub-district migrated from Myanmar quite some time ago. Some of them recalled that the migration happened generations in the past. Their grand parents migrated from Yunnan province of China to Myanmar, where they themselves were born. And their parents migrated internally among a few places in Myanmar when they were young and finally ended up in Thailand. Most all of them are now registered as Thai citizens with the former hill tribes of Myanmar now considered as hill tribe people of Thailand.

From the survey, it was learnt that there are special cases according to which extremely poor and destitute people simply migrate across the borders sometimes without even knowing which country they belong to. In other places, very poor people are excluded from migration, as they cannot afford the migration related costs that include broker's fees, transportation costs, etc. In some places, such as Eastern and Southern Shan State, seasonal migration, which is the migration of most of the village during the harvesting season, could also be found. Hence, the survey revealed that different types of unconventional migration could be found in different places.

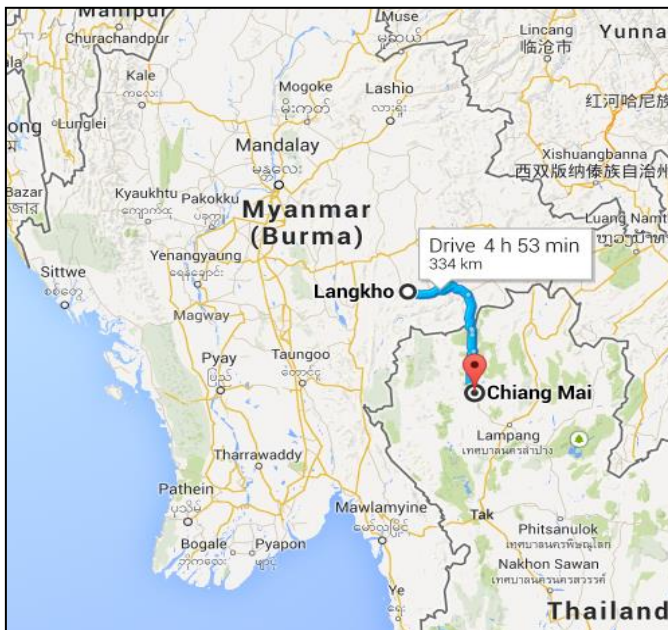
3.3. The Survey in Chiang Mai of Thailand

The focus group discussions with Shan and Bamar who have been working at construction work camp in Hang Dong, Chiang Mai, were conducted in March 2011. The majority of migrant workers in the camp came from Taungyi or Linkhae, located in the Eastern Shan State of Myanmar. Some workers who came from the dry zone, which is in the central part of Myanmar, were also interviewed. Those from the dry zone internally migrated to the Shan State first, and then migrated across the border to Chiang Mai. The majority of migrant workers in the camp were Shan nationality of Myanmar; however, Kayah, Karen and Bamar nationalities of Myanmar were also found.

It was found that the main push factor of the migration at that time of those from Langkho (which is pronounced as Linkhae) was the drought. Since they did not have alternative livelihood options other than farming, the prolonged drought had caused them to migrate across the border.

Before coming to Chiang Mai, some of them worked at a remote orange orchard in Fang, where they earned about 50 Thai Baht per day. However, at the time of interview, in Chiang Mai, they were earning about 170-200 Thai Baht per day, or over Kyats 5,000 more than double the agricultural wage in Myanmar. During a focus group discussion, a migrant worker said that he earned 215 Thai Baht per day as he was a skilled worker. Hence, these wages, higher than those in Myanmar, could be a significant pull factor for their migration. The majority of these migrant workers came across the border with short-term border passes and then over stayed illegally. However, the majority of them had then got legal employment papers in Thailand, and some of them could send their children to a local primary school, and could get medical care at the Hang Dong public hospital.

Figure 3.5: The migration route from Langkho (or Linkhae) to Chiang Mai



Source: Google map

The majority of those participated in the focus group discussions mentioned that it costed them around 2,000-2,700 Thai Baht to hire a private van to reach Myanmar-Thai border. Then, they had to pay some cash to the Thai and Myanmar immigration checkpoints at Wieng Haeng or hearby. If they could not present a Myanmar ID card, they had to pay about Kyats 30,000 (approximately US\$ 30) to Myanmar immigration. One person in the focus group discussion said that he could present the Myanmar ID card; however he had to leave the card at the Thai immigration checkpoint as a guarantee for his return in 7 days. He had not returned to get his ID card back from that checkpoint for 7 years already.

When asked about possible migration to China, the majority of them said they had heard negative things from migrants in China and that was a reason why most of them did not think of migrating to China. These migrants had often gotten married some time after their arrival at Chiang Mai. When they then had children, they did not normally send them back to their parents (i.e. the grandparents of the children) However, in the case of Mon migrants in Mahachai of Thailand, most migrants sent their children back to their parents or relatives in their home community with brokers/transporters, so that the married couple could work without having the burden of child care.

The surveys in Chiang Mai revealed that practices of migrants in the same receiving country that is Thailand, although they came from the same country of origin, that is, Myanmar, could be quite different. They also revealed that another main push factor of migration, was the climate change that had led to the drought. It is normally recognized in some literatures that the main push factor of migration from an underdeveloped country or a politically complicated country is either poverty or politics that lead to forced migration (South, 2007). However, the surveys revealed that the push factors may also significantly vary from climate change to demonstration effects, and peer pressures.

3.4. Survey at Ruili and Kunming of China: Movement of people and goods

Ruili is a country-level city of Dehong Prefecture, in the west of Yunnan Province of China, and is next to Jiegao, which is bordering on Muse, Myanmar. The Muse-Jiegou is the busiest border area between Myanmar and China where both legal and illegal crossings of goods

and people have been taking place for quite some time. While the legal border crossing gates facilitate the crossing of many people who mostly are Myanmar and Chinese traders, there are many people who cross over the border fence or go through small holes through the fences at the places not far from the legal border gates. While many Myanmar workers working in warehouses, restaurants and karaoke bars, in Jiegao, China use these illegal crossings on daily basis, many Myanmar migrants who have crossed into China through a legal gate, and overstayed to work in different parts of China also need to use these illegal crossings when they come back (Aung, 2011).

Figure 3.6: A person crossing over the fence that separates Myanmar and China



Source: Author's survey in Muse (Myanmar) and Ruili (China) during 2009~11

Figure 3.7: A hole in the fence that many people pass through between Myanmar and China



Source: Author's survey in Muse (Myanmar) and Ruili (China) during 2009~10

The majority of Myanmar small traders or brokers, called “purchasers”, purchase products in Ruili or other places in China as per the orders made by traders or manufacturers in Yangon or Mandalay, Myanmar. They could charge up to 2 percent of the total amount of purchase for their services. Some travel even further to the Eastern part of China such as Guandong to make orders although they literally cannot go that far with the border pass or border passport, which is different from a normal passport.

While a significant number of Myanmar workers, businessmen, traders, brokers, and purchasers could be found in Jiegao and Ruili, the majority of Myanmar migrants in Kunming city of China are found to be workers, traders, and small shop owners, the majority of whom are Chinese descendants and can easily blend into the Chinese community. This is a stark difference from the situation in Thailand, where a significant number of Myanmar migrants still do not speak the Thai language and could not easily blend into the Thai community. A conspicuous sign at the shops in the Kunming markets, run by Myanmar migrants, is for a Myanmar brand of cigarettes and cheroots. During the survey visit, a person assigned to portray a Tibetan monk at the building displayed as a Tibet temple in the Yunnan Ethnic Village in Kunming was found to be a Myanmar migrant who came from Mandalay.

Apart from migration of Myanmar migrants who are of Chinese descent, migration of Myanmar women for marriage with Chinese men is also significant. Majority of these women are smuggled voluntarily into China either by brokers or other women who have already gotten married with Chinese men (Aung, 2009, p.43). The interview with a Myanmar woman in Ruili who had just brought two other women from Myanmar revealed that majority of women who came to China for marriage with Chinese men were already married. Some even had children in Myanmar and they did not intend to stay permanently in China. This author was told that there were many incidences that Myanmar women ran away after spending one or two years with the men they married in China. Although there were some incidences of trafficking male babies and children into China, the number was not significant.

The interviews with Myanmar traders stationed in Ruili revealed that majority of traders got involved in both legal and illegal trades with a purpose either to skip a lengthy licensing process or to evade tax, meaning that there was a significant gap between the value of

exports/imports documented on the Myanmar side and that documented on the Chinese side. In the case of trades between Myanmar and Thailand, the gap was even larger as the majority of trades were not documented on Myanmar side. However, in the case of border trades between Myanmar and China, the gap did not appear as big as that of Myanmar-Thailand, due to the fact that imports/exports of many products were not documented on either side. For instance, the imports of many products such as electronics, motorbikes, and chemicals, that were smuggled into Myanmar were not documented on the Myanmar side, whereas, the exports of some products such as rice from Myanmar were not legal on the Chinese side, hence, they were not documented on the Chinese side.

There is a long borderline between Myanmar and China where undocumented flows of people and goods are going through. However, transportation from the mainland to many places on the Myanmar side bordering China, except Muse town, has until now been difficult due to problems related to infrastructure. As a result, Muse happens to be the most convenient border town for traders and migrants. There is another major route through Bhamaw in the Kachin state especially for informal trade flows. However, smugglers are more comfortable to take the Muse route as not only the transportation but also the security as well as the communications along this route is more convenient compared to other routes.

Figure 3.8: An illegal border crossing in Muse where goods are transported into China



Source: Author's survey at the border of Muse (Myanmar) and Ruili (China) during 2009~11

The human mobility between Myanmar and China is not only one way. There also is a significant number of Chinese migrants coming through various routes to Myanmar who have settled down in Lashio and Mandalay. While many Chinese small businessmen coming to a city like Mandalay can be found, there also are many unskilled or semi-skilled Chinese workers and agricultural laborers in many places. For instance, Chinese workers at various construction sites and even in the gold mines in Thabaikkyin in the Mandalay division can be found and in addition to it, a significant area of corn, rice and sugarcane plantation around Lashio are worked by Chinese seasonal laborers who cannot speak any local language (either Myanmar or Shan) but Chinese and who often claim that they came from Kokang, which is a special Chinese speaking region in the Shan state of Myanmar bordering to China.

The border town, Ruili, in China is different in many ways from Maesod, which is the busiest town in Thailand bordering to Myanmar. There are more Myanmar traders, brokers, and businessmen in Muse, whereas there are more Myanmar workers in Maesod working at various garment factories and construction sites. The majority of Myanmar migrants in Ruili speak Chinese, whereas the majority in Maesod do not speak Thai. In addition, the majority of Myanmar people who travel beyond Ruili into mainland China are found to be traders and businessmen, whereas the majority of those traveling beyond Maesod into Thailand are unskilled workers planning to overstay and work in Thailand.

The majority of those participating in various border trades in Muse as well as in Jiegou are found to be internal migrants coming from different parts of Myanmar. However, the majority came from Mandalay and Yangon and main cause of their migration, in majority cases, is simply economic and business. The majority of local people around Muse do not actively participate in the border trades as they continue their traditional farming. A local Shan farm family in Muse said that they had moved three times already as the border trades expanded and they had to move away to new infrastructures built along with the border developments. The impacts on the local farmers could be mixed. The expansion and development of border trades could have negative impacts on traditional farmers around the Muse areas; however, the improved infrastructure connection with China has paved the way for local farmers to have

connection with Chinese shoppers and businessmen and has thus allowed them to engage in practices similar to contract farming for this trade.

3.5. Interviews with various stakeholders

During the surveys conducted in various places within and outside Myanmar, interviews were conducted on various stakeholders that included migrants, NGOs, law enforcement officers, traffickers and smugglers and victims. These interview results highlighted that different stakeholders have different perceptions and beliefs according to which they acted for their own sake. Without thorough understandings of these different perceptions based on which actions are taken by different stakeholders, it could be difficult for policy makers to develop more pragmatic and proactive policies to establish convenient, affordable and secure migration channels. Excerpts from interviews in Myanmar follow.

During an interview conducted in Lashio, Shan State, which is on the way to Muse on the border with Ruili in China, an anti-human-trafficking officer said:

“There are many cases that Myanmar women are trafficked into China and sold to Chinese men to serve as their wives. Sometimes, a woman is sold to more than one man who share her as their common wife.” (Policy Captain, Anti Human Trafficking Taskforce, Lashio, Shan State, March 2010)

During the interview conducted in Tachilek, which borders Mae Sai, Thailand, another anti-human-trafficking officer said:

“Traffickers normally target Shan villages where they can lure young women to be brought along with them to Thailand and sold them to massage or karaoke places (in Hat Yai which borders with Malaysia) where they forced them into prostitution.” (Policy Captain, Anti Human Trafficking Taskforce, Tachilake, Southern Shan State, January 2011)

During the surveys conducted in Tachilek, trafficked victims were also interviewed at the Tachilek police station and one trafficker was interviewed at a restaurant. The victims said:

“We wanted to get a job, hence, we asked a broker to bring us to Thailand. We did not pay anything to the broker because we agreed to pay from our wage once we get a job. We accepted the deal because we wanted to take that opportunity to go abroad and get jobs without needing to pay anything in advance. We were brought to a massage/karaoke place. We did not get paid. Customers sexually harassed and we were told to please the customers whatever they want. We could not stand anymore so that we ran away.” (Shan victims, Tachilake, January 2011)

Another victim said:

“The broker told me that he would find a job. I did not know what kind of job until I found out that I was cheated and sold to the Karaoke bar.” (Shan victim, Tachilake, January 2011)

A trafficker said:

“I used to work in Thailand for a long time. Hence, I have accumulated connections and networks so that I can easily find a job for other people. Some people asked me to find a job. Some people asked me to facilitate their safe passage into Thailand. Some people asked the whole package that is to get them to Thailand and get a job. There are different prices for different services. If they don't have money, I can also get them a job in Thailand either by charging their employers who need more workers or by charging them (workers) from their wages”. (Myanmar trafficker, Tachilake, January 2011)

In addition, a trafficker arrested in Muse, Shan State while bringing three women into China was interviewed in the Taunggyi prison (in the capital of Shan State). The trafficker said:

“I was brought into China by a broker to become the wife of a Chinese man. My Chinese husband and his family are good to me. I lived there for two years. After two years, my husband allowed me to visit my village in Myanmar. At that time, my husband's friends asked me to get them Myanmar wives like my husband. Hence, I asked some women in my village if they were interested. I brought some interested people along with me to China on my way back and I was arrested.” (Myanmar trafficker, Taunggyi, January 2011)

The abovementioned interview results revealed that what is understood by anti-human-trafficking officers could be different from what actually had happened in reality. In the perception of officers, victims were sold by traffickers (or brokers), whereas, the victims have mixed perception, as some victims perceived they were cheated, whereas, some victims believed it was a favor given by brokers (or traffickers) who facilitated them to cross the border and get a job in return for a fee that could be paid later from their wages, and in the traffickers' (or brokers') perception, it was simply a business transaction for which service fees were charged by different methods. While the officers perceived that the abovementioned cases started with traffickers, in reality, these cases started with problems related to lack of alternative livelihood options, lack of employment opportunities and lack of alternative income sources leading to livelihood hardship faced by people (becoming victims later) who wanted to go across the border to get a job while they did not have a proper network. The situation became worse when these people could not afford to pay brokerage and transportation fees which could be quite expensive. Then, brokers paid the transportation charges in advance as their (brokers') investment in the business transaction and in return they would charge to employers who were in need of migrant workers or directly to workers to pay from their wages or both. When brokers asked the money from employers, it was simply a service fee for their employment services in the perception of traffickers or brokers, whereas, it was perceived by officers (and victims to some extent) as the amount of money received from sale of these victims.

If job opportunities existed in the home communities, alternative livelihood options were available and social development especially in terms of education and health care had improved, these victims would have not risked their lives to migrate across the borders in the first place for a job. Similarly, if convenient, affordable and secure migration channels were present, it would have been convenient for these victims to get a job securely without needing to depend on unreliable brokers, migration cost would have been cheaper so that victims would have been able to pay by themselves and as a result, these victims would have never become victims in the first place. Hence, while the interventions are needed from the demand side, the officers and policy makers have been focusing on the supply side with the perception that traffickers were

the main cause of these problems and they should be put into control while the main causes in reality were different.

In addition, interviews were also conducted with an employer and an NGO in Thailand. The employer said:

“In most cases, Myanmar migrant workers are hard-working and complain less. It is also economical because they can work with lower wages. Hence, they are becoming a crucial part of workforce in Thailand without whom many Thai industries would have been difficult. We need Myanmar migrant workers for our businesses, however, we may not want them legal because if they were legal, we would have ended up paying them more and our operational costs would have been increased.” (Thai employer of a fish processing business, Machai, Thailand, May 2010)

A Thai-based NGO said:

“Majority of Myanmar migrants coming from Shan State are forced to migrate to Thailand due to armed conflicts in Myanmar. They have been going through difficult situations in Thailand as they are often abused and exploited, hence, we have been educating them to understand about their rights and to call us for help if something happens.” (Technical officer of a Thai NGO working to promote the rights of migrant workers from Myanmar in Thailand, Chiang Mai, March 2011)

A police officer in Thailand said:

“We need to control migrants coming illegally from Myanmar. They could be a serious threat to our community, especially for our local workers who will find it difficult to get a job which is being replaced by them.” (Policy Major, Police Station in Ranong, Thailand, April 2010)

The abovementioned interview results revealed that while the interviewed employer had positive views on Myanmar migrant workers as they are important for his business operations, the police officer perceived them as a threat. The NGO had a perception that migration from Myanmar were somewhat armed-conflict induced involuntary or forced migration. It is found that each perception could be correct to some extent, however, they were

found to be incomplete, for Myanmar migrant workers could be an essential workforce for Thailand currently (however, it is probable that they might not be that essential if they become legal and more expensive and the situation mentioned by the interviewed policy officer probably might come true in the future). If these different perceptions were taken into account equally in the policy development process, Myanmar migrant workers would not have been taken as a current threat by the police officer and policy on migration from Myanmar would have been more flexible and embedded in wider development policies by policy makers in Thailand.

If policy makers took into consideration only of the perception of law enforcement officers who are like the officer interviewed, the policy would have focused on controlling migration with the iron fist. On the other hand, if policy makers listened only to businessmen, the policy would have allowed them (businessmen) to have discriminatory treatments against migrant workers and this will benefit a vast majority of businessmen while having a huge social impacts on migrant workers. If policies were developed based on what is perceived by NGOs that are like the abovementioned NGO interviewed, the policy implementation could have been ineffective as the information related to causes and effects, costs and benefits of migration may not represent the actual situation. Hence, it is important that policy makers listen broadly to all available stakeholders and take into consideration of all aspects in developing a policy.

3.6. Major findings from the surveys

In the previous *Chapter 2*, descriptive findings of the surveys revealed that “primary push” factors including climatic variations, lack of employment opportunities, lack of alternative livelihood options and lack of infrastructures; “secondary push” factors including low socio-economic conditions, livelihood hardship leading to lower economic and social resilience; and “facilitating push” factors including brokers, agents and network between home and host communities, are found to be major factors having impacts on majority of migrants’ and their families’ decision for migration.

In this *Chapter 3*, impacts of migration on migrants and their left-behind families are quantitatively analyzed. In addition, some potential benefits of migration in terms of future brain-gains, remittances and transnational network are discussed. Hence, while previous

Chapter 2 focuses on driving forces of migration influencing the decision making of migrants and their families, this *Chapter 3* focuses on impacts of migration on them.

As these factors are major driving forces behind migration in the survey areas, reforms in various economic sectors as explained in the following *Chapter 4, 5 and 6* having impacts on these factors may change existing migration patterns to a great extent. As reforms normally take times to trickle down to the grass-root level, it is not expected to evident significant changes in migration patterns in a short time although the trend is there.

Findings of the above-mentioned econometric models in this *Chapter 3* revealed that although households in the case group (i.e., migrants' families) achieve more positive economic effects of migration, they tend to be more exposed to negative social impacts compared to households in the control group.

According to the above findings, social and emotional impacts on the migrants' households can be categorized into three, as follows;

1. Some left-behind families suffer from severe negative social and emotional impacts due to families' heavy indebtedness as a result of migration. These family members could even suffer from inferiority complex due to the fact that they cannot pay back the debt (which is getting higher and higher due to compound interest) even though they sell everything they own.

This is a pre-first-round effect of migration, which migrant's left-behind families suffer during the early stage of migration lifecycle due to lack of access to credits, lack of employment opportunities and alternative livelihood options leading to lack of alternative income sources, and high cost of migration. Unless they have access to cheaper credits that can immediately replace their existing expensive credits that were taken to fund the migration, their debt burden will keep rising. In some places, the special purpose companies or specialized companies providing agricultural credit as explained in the *Chapter 7* have some positive impacts on migrant's families in replacing their expensive loans. Although policy aiming at agricultural development especially in rice production sector through provision of micro credits by special purpose companies was not effective as borrowers did not effectively invest in farming, they could replace their

existing more expensive informal credits with these cheaper credits as explained in the *Chapter 7*. As a result, pre-first-round effects of migration suffered by migrants' left-behind families in these places became mitigated to some extent.

However, policy reforms take time to trickle down to the grass-root level and their positive impacts on migrants' families suffering from pre-first-round effects of migration is minimal as explained in the *Chapter 6*. Once the migration in the home community gets more matured and migrant's families will start having the first-round and second-round effects of migration, effects of policy reforms on them will be more visible.

2. Some left-behind families are suffering from mild level of negative social impacts due to increased workload and burden on the family left behind.

When a household member has migrated, there are always advantages and disadvantages to the left-behind families. An advantage is that financial burden on the family has become lower to some extent as the number of household members has reduced leading to lower household expenditures. It is elaborated as a tangible benefit of migration in the *Chapter 7*. However, if the person who migrates is an efficient workforce in a family, burden of labor on the whole family has to be shared by less number of household members leading to increased workload and labor burden on the family especially in an environment where there is limited employment opportunities and lack of alternative livelihood options. Comprehensive policies on rural development aiming for creating alternative livelihood options could potentially mitigate this burden of the migrants' left-behind families.

3. Some left-behind families are suffering from mild level of negative social and emotional impacts because families miss their migrant family-members working abroad and they feel lonely due to their absence.

This kind of social impacts can become stronger due to the lack of easy and regular communications between migrants and their left-behind families and limited or no chance for families to get together especially during some traditionally important holidays. Reforms taking place in the telecommunications sector that have tremendously expanded mobile density from 5~6 percent to over 80 percent in a couple of years have

enabled majority of migrants to have easy, convenient and affordable telecommunication access to their left-behind families. In addition, policy reforms in legalizing illegal Myanmar migrants in Thailand (despite some failures as majority of migrants do not find the process convenient and affordable) have turned a large number of migrants become legal and enabled them to go back and forth legally across the border and to have a chance to get together with their families. Hence, these developments in the telecommunication sector and legalization process of Myanmar migrants have mitigated the negative social and emotional impacts on migrants and their families to a great extent.

The severe negative social and emotional impacts in the first category cannot be improved unless appropriate policy measures that should be convenient, accessible and affordable are in place with the strong cooperation of countries of origin and destination as elaborated in *Chapter 9*. It is important to adopt relevant policies focusing broadly on comprehensive rural development from various aspects as elaborated in the *Chapter 6* and it is also equally important to have migration related policies synchronized with other development policies as explained in the *Chapter 9*.

Social impacts in the second category can be mitigated as the families begin to get more benefits from migration through remittances. This also depends on policy measures that should enable families to incur less cost for migration of their family members so that the financial burden of families could be lessened, meaning that those families will benefit from migration more quickly. As an example, the majority of families in Mon state incurred much lower costs of migration so that they could afford it from their own savings without needing to borrow, and as a result, they (without having any financial burden and debt) could get more benefits from remittances more quickly. They could also hire laborers (who migrated domestically from other parts of Myanmar) to work in their traditional agricultural businesses, meaning that the burden on the family due to the absence of some family members who have migrated could be lowered.

Social impacts in the third category can also be mitigated through the improvement of infrastructure. During the survey time, it was very difficult for families to have communication with their migrant family-members working abroad. Left-behind families could not make

contact due to the exorbitant cost of telecommunication. If family members who are left behind and family members who are working overseas could communicate each other easily, more frequently and they could get together sometimes in the holidays, social and emotional impacts in the third category could be mitigated, and more satisfaction and happiness could be achieved in the families. Recently, the reforms in the telecommunication sector has tremendously improved the situation and has enabled migrants' left-behind families have easy and cheaper access to telecommunication services.

The reforms taking place in many economic sectors of Myanmar as elaborated in the *Chapter 4, 5 and 6* have been changing the whole environment around migrants and their left-behind families. However, mis-interpretation or over-interpretation of legal documents, and policies that are issued on ad-hoc basis in response to certain situation as explained in the *Chapter 9* still exist and they are still hindrance to developing convenient, affordable and secured migration channel and also to developing a stronger link between migration and socio-economic development of the home community as a whole. As elaborated in the *Chapter 9*, existing policies should seriously be reviewed and necessary adjustments should be made in order to strengthen their relevance and to synchronize them with wider development policies.

Chapter 4

Migration and Implications of Policies related to the new Special Economic Zones

In this chapter, current and potential effects of the policy to develop Special Economic Zones on migration (especially on internal migration) and how they can contribute directly or indirectly towards the economic development are highlighted. Myanmar has been isolated for nearly six decades in the past and once it was opened up in 2010, the new government then had developed various policies in many areas of which the policy on Special Economic Zones was more of a success. Although the policy has immediate positive effects on internal migrants to some extent, it is not yet effectively incorporated with other policies in establishing a favorable or enabling environment, in which macro-economic stability could be ensured (as will be elaborated in the Chapter 8) and in which (both internal and international) migration could contribute towards the socio-economic development (as will be elaborated in Chapter 7). In addition, although the policy for the development of the Special Economic Zones has been a successful initiative to immediately create a favorable, predictable and friendly investment climate to attract foreign investors, the effect of these SEZs on migrants might still be inadequate. First, the number of job opportunities the SEZs can create is still just a fraction of what is required for internal migrants and migrants who would return. Second, until such policies as those for wages, labor conditions, and working environment can be standardized, it is possible that migrants may enter such SEZ workplaces only to leave and go abroad again.

The relationship between the new SEZs and Myanmar migration could be said to be an evolving one. The new SEZs by their very nature hire mainly internal migrants as workers come to apply for the new jobs. Currently, the SEZs attract, and are expected to attract, mainly internal migrants, and also to a certain extent both professional and lower-skilled migrants who have gone abroad and wish to return. The current situation and the potentials for migrants to find and keep a desirable standard of living through wage work at an SEZ in Myanmar will be discussed below.

The new SEZs in Myanmar are

- Thilawa SEZ
- Dawei SEZ
- Kyaukphyu SEZ

Among these three, only one, Thilawa SEZ having the total area of around 2,400 hectares, has started commercial operations in the Zone A that has been developed as the first phase having the area of around 400 Hectares. Development of Dawei and Kyaukphyu SEZs have not started yet, however, a Thai company has signed concessional agreements for the development of some initial projects and a consortium led by a Chinese company has been selected as the preferred bidder for the development of Kyaukphyu SEZ.

Migrants under the new government and new economic policies

Since 2010, the newly elected government then led by President U Thein Sein has undertaken various reforms aiming at people-centered developments in the political, social and economic areas (Hook, Than & Ninh, 2015, p.ix). In early 2011, the President of Myanmar announced the welcoming of Myanmar professionals and migrants abroad to come back and contribute towards the development of their own nation. Yet although hundreds of Myanmar migrants came back from Thailand, the economy was not yet ready to pay them the same rates as they earned in Thailand. Hence, the reverse migration process was not significant. Some Myanmar professional migrants in more developed countries still find it difficult to come back, for some of them have settled down in these countries and some have already accepted the citizenship of the host countries.

As a result, the government of Myanmar started thinking about the adoption of a Permanent Residency (PR) system according to which both foreign and Myanmar nationals holding non-Myanmar citizenship would be able to stay long-term in Myanmar and contribute their professional expertise towards the nation's development.

However, the market was not yet ready to create enough employment opportunities for those who would come back to Myanmar. The government took the initiative to encourage both foreign and domestic investments by amending the old Foreign Investment Law and Myanmar

Citizens Investment Law that were enacted in 1988 and 1989. Although the attempt was made to ensure the level playing field between foreign and domestic investment, due to the result of protectionism mindset of some private business groups, the amended Foreign Investment Law did not turn out to be as perfect as it was expected, but has been better than the old one.

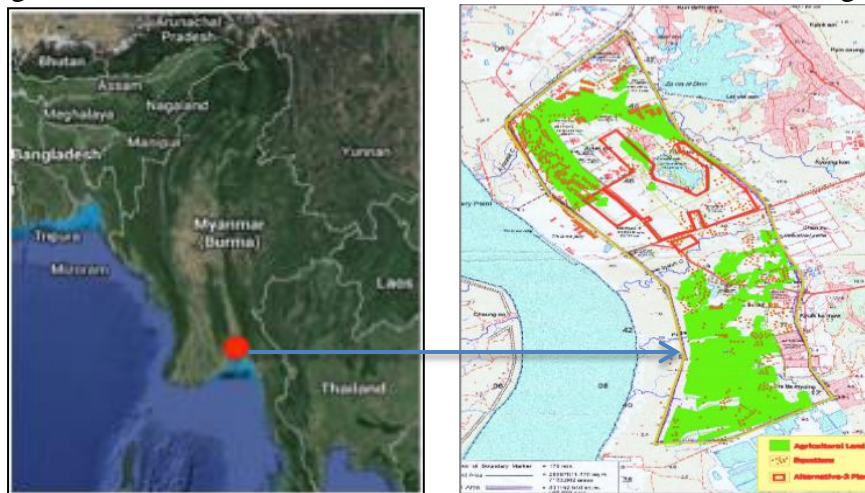
Greater need for employment opportunities and changes to business investment procedures

Then, the government started focusing on creating the favorable or enabling investment and business climate for investors. The lack of international exposure and experience has been a major hindrance in creating such a favorable investment climate. The One Stop Service Center, where some representative officials of relevant government agencies are stationed, was established in 2013 in Yangon, the biggest commercial city, located 200 miles from the capital; however, the services it has been rendering to foreign and domestic investors are still limited. Furthermore, the hard and soft infrastructures that are necessary for investors, have been seriously lacking. As in many other countries, it will take some time to have the necessary hard and soft infrastructure across the country ready for investors.

The government took another initiative, in an attempt to create a favorable investment and business environment, to develop Special Economic Zones where the state-of-the-art hard infrastructures and flexible, international standard soft infrastructures could be developed within a short time. The Thilawa SEZ, located at 14 miles South East of Yangon; Dawei SEZ, located in the Southern Taninthayi Region; and Kyaukphyu SEZ, located in the North West Rakhine Region, are in the process of development of which Thilawa SEZ is currently the most advanced project (Khandelwal & Teachout, 2016, p.13).

Since Yangon Region is the largest receiving region of internal migration in Myanmar, Thilawa SEZ attracts internal migrants from all parts of the country. The total size of the Thilawa SEZ is around 2,400 hectares, of which about 400 hectares are being developed in the first phase.

Figure 4.1: Thilawa SEZ area located at 14 miles Southeast of Yangon



Source: Thilawa SEZ Management Committee (2015)

Once it is fully developed it is estimated that around 215,000 jobs will be created²¹. Due to the readiness of other related infrastructures around Yangon area, and due to its realistic development plans, Thilawa SEZ is the highest potential SEZ that would be commercially operational in 2015. The Thilawa SEZ is developed by a joint venture entity where Myanmar and Japanese private consortiums and government agencies are involved. It is estimated that more investment from Japan might come although it is open to investments from all over the world. As a result, more professional Japanese staff are expected to migrate; however it is stipulated in the new Myanmar SEZ Law, enacted in 2014, that at least 25 percent of the total professional workforce in the first two years, 50 percent in the following two years and 75 percent in the next two years should be Myanmar nationals²². Hence, more employment opportunities will be opened up for Myanmar internal migrants in the years ahead.

Although increased employment opportunities could benefit those who internally migrated to Yangon area, priority is given to the people around that Thilawa local area, especially the Project Affected People (PAPs) who were relocated to Myain Thar Yar Ward,

²¹ As per the master plan presented on 18th December 2012 by the Nippon Koei consulting company.

²² Chapter 16, Article 75 of Myanmar Special Economic Zone Law, enacted in January 2014.

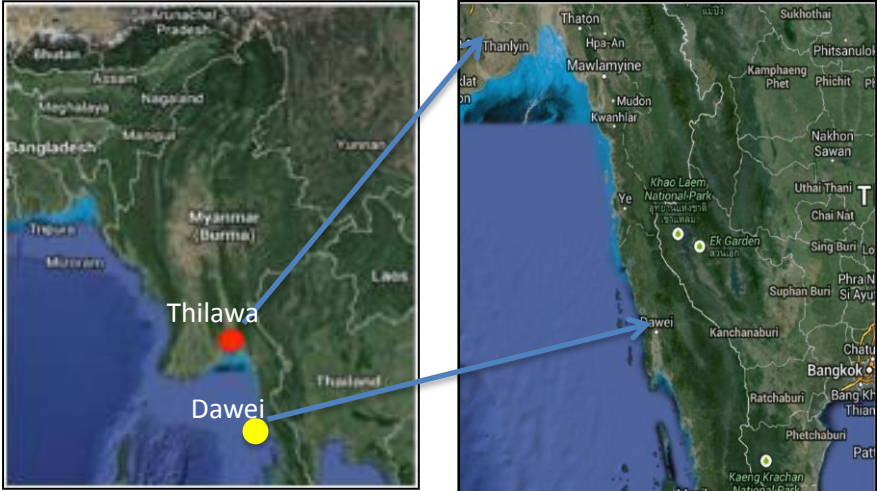
Kyauktan Township, which is located from 4.5 to 8 km away from their original location. In the first phased project area, there were 81 households, of which 65 households were located inside the project area, and 16 households were cultivating inside but living outside the first phased project area. The total number of household members was 382, of which 130 were workers. These workers as well as other family members who are interested in working in the SEZ are provided with short vocational training, and given priority for jobs as a part of the income restoration program. Short vocational training varies from electrical work to carpentry, motorcar repairing, computer operation and English language training. It is also expected that semi-skilled Myanmar labor migrants working in other countries such as Malaysia and Dubai, and skilled Myanmar migrant workers and Myanmar professionals currently working in countries such as Singapore and Japan,, would return to take up some of the jobs in the Thailawa project. Some Japanese companies have already sent their Myanmar migrant staff back to Myanmar in order to sound out the market and to possibly start a seed business.

Another pioneer Special Economic Zone, that is the Dawei SEZ project, whose development is jointly coordinated by Myanmar and Thai governments, is also a potential project to draw unskilled and semi-skilled Myanmar migrant workers back from Thailand. As discussed in this thesis, there has long been frequent migration from Mon State and Thanintharyi State, where Dawei is located, to the neighboring areas of Thailand. As Myanmar labor is quite mobile, the project expects Myanmar internal migrants as well as those currently working in Thailand to meet the demand for labor. However, the main objective of the project is not to draw Myanmar migrant workers from Thailand but to create more employment opportunities around the Dawei region, to create an environment where returning Myanmar migrants from Thailand could be accommodated, and to provide the local ethnic nationality (Karen) benefits from the development as a peace dividend.

Furthermore, as the Dawei SEZ project would be the West end of the Greater Mekong Sub-region Southern Economic Corridor (GMS-SEC), it would strengthen the sub-regional connectivity that would in turn facilitate the migration across borders. However, the full development of the GMS-SEC, which passes through Bangkok in Thailand, Siam Reap and Phnom Penh in Cambodia, Ho Chi Minh City in Vietnam, and eventually connecting to the

Pacific Ocean in the East end, has not yet been complete, meaning that some critics claim that it would have been more beneficial to Myanmar if a SEZ connecting to the GMS East West Economic Corridor (GMS-EWEC) rather than GMS-SEC could be developed as it is located at a closer proximity to Yangon and also to the major transportation networks of Myanmar.

Figure 4.2: Dawei SEZ area



Source: Dawei SEZ Management Committee

The critics also say that the current location of the planned SEZ in Dawei is closer to the Thailand’s Eastern Seaboard where various manufacturing industries are located. There are manufacturing industries that are said to be interested in either relocating their industries or setting up a second facility in Dawei SEZ (which is closer to their main industries in the Eastern Seaboard of Thailand), with a view to take the advantage of cheaper labor and the GSP (Generalized Scheme of Preferences) status of Myanmar as the GSP status of Thailand had expired in December 2014. Additionally, the critics said that it might be an idea of Thailand to be able to set up industries that cannot be established in Thailand due to possible consequences they may have on the environment. Hence, the criticism is that the Dawei SEZ project would be more beneficial to Thailand than to Myanmar.

Whether it is expected to be more beneficial to Thailand or Myanmar, it is certain that it would attract not only the laborers who may have migrated internally but also Myanmar labor migrants who have been working in Thailand legally or illegally. Although the highest

percentage of Myanmar labor migrants is in the agriculture/farming sector in Thailand, there are a significant number of Myanmar labor migrants in the construction sector, fish processing sector, in Thailand who can contribute their skilled and semi-skilled labor in the Dawei SEZ.

Since one of the Myanmar government's main priorities is to create more employment opportunities in a shorter time, and as the development of Dawei SEZ might take a longer time due to limited infrastructure around the designated area, it is planned that Htee Khee – a border town at the Myanmar-Thai border, which lies on the road connecting to Dawei SEZ area, and which also is a place that can depend on the existing infrastructures of Thailand such as electricity, roads, and ports – could be developed as an another SEZ or an industrial zone in a shorter time and could create more job opportunities around that area. It is expected by the Myanmar government that the development of the Htee Khee Zone could be a peace dividend to the Karen Army (Karen National Union-KNU army), which is in discussions with the Myanmar government after the cease fire, for a sustainable peace process so that the local Karen ethnic nationality and those in the Karen army will have jobs and enjoy increased income and consumption.

Another SEZ which is planned for development is in Kyauk Phyu, located in the northwest of Myanmar in the Rakhine region. Although it is located near the deep-sea port which is being developed by a Chinese company, the developer for the SEZ in that area is different. The Kyauk Phyu area is planned to be connected to the Yunnan province of China through road, rail and oil and gas pipelines. It is expected that Kyauk Phyu SEZ would attract more internal migrants rather than Myanmar cross-border labor migrants coming back from other countries.

Among these three pioneer SEZs that are planned for development, the development of Thilawa SEZ could be the quickest. Although the Thilawa area is not close to a border with any country, it has been an area where cross-border migrants from India stay for quite some time. Among the 81 project affected households in the first phased project development, there are 22 households belong to the Indian families who had migrated to Myanmar during the British colonial time. Although all those 81 households were squatters, they, including those that belong to Indian families, had received compensation or assistance packages and been peacefully relocated. Although it was not a perfect relocation and resettlement as criticized to some extent

by a few NGOs, it was largely applauded by many international organizations as the first successful experience of the Myanmar government in the entire history of Myanmar in conducting such a relocation and resettlement systematically and peacefully by developing a proper Resettlement Action Plan according to the international standard.

The development of SEZs would create decent jobs for the Myanmar people who are both internal migrants and cross-border returning migrants of Myanmar citizens. It would also allow advanced technological transfer to happen within a short period of time, which will not only benefit the current migrants, but also facilitate the uptake of semi-skilled and higher-skilled migrants whose labor across borders has been benefiting the ASEAN community. Among all the reforms that the Myanmar government has been trying to pursue, the development of these SEZs is expected to be visible and significant as it would, once it is in operation commercially, attract a lot of foreign investment (due to the fact that both hard and soft infrastructures necessary for investments would be in place within a short time). In order to strengthen soft infrastructure, the President Office of Myanmar issued a letter on 21st January 2015, which stated that policies and procedures adopted in the Special Economic Zones should be developed to be in line with international practices and authorities assigned at the One Stop Service Center be granted full authority to make decision and give necessary approvals without needing to get comments or further approval from their parent government department. Once the policies and procedures adopted in these Zones related to soft infrastructures, are convinced to be successful, it is expected that these policies could be adopted largely in many other areas outside the Zone.

However, these visible reforms may not be sustainable without having significant reforms in the primary areas such as governance and institutional development, that may not be visible to common citizens. There has been a tremendous pressure from the general public and the Parliament for making visible reforms while additional pressures come from international organizations, development partners and donors for making invisible reforms to build up the building blocks to construct a firm concrete foundation. It is a matter of sequence that the Myanmar government has to choose in the process of creating a stable macro-economic environment.

As elaborated later in *Chapter 8*, once a stable macro-economic environment is more or less ensured, foreign and domestic investment will rise, creating more employment opportunities. This will accommodate more returning Myanmar labor migrants from abroad, as well as allowing current internal migrants lacking a regular income to find employment. The majority of the emerging markets especially in the ASEAN region normally started with labor-intensive industries in their introductory stage of industry lifecycles, especially because of cheaper labor costs. Eventually, labor costs escalated, leading to a situation where a majority of labor intensive-industries (that could not achieve further improved productivity) dropped out of the market or moved to other underdeveloped areas or countries where they could still enjoy cheaper labor costs. Unless the country can come up with a strategy to improve productivity of the existing labor-intensive industries or to attract investments in the industries that require more technology and fewer of the less-skilled labor force, the pace of development would slow down to some extent. If the countries are not prepared for the next industry lifecycle, they would be trapped in the level of development where they currently are. It is important that the capacity of the workforce gets improved in order to achieve improved productivity.

Myanmar is in a unique position, for its abundant unskilled workforce currently within the country could be the best fit for the initial stage of its labor-intensive industry lifecycle whereas semi-skilled and skilled Myanmar labor migrants working in various countries could be the most potential workforce, once they return, for the next industry lifecycle that require higher skills and technical know-how.

Interviews conducted with 100 Myanmar labor migrants in Thailand, Malaysia, Singapore, and Japan during January-August 2013 had revealed that majority of them believed in the reforms that are taking place in Myanmar and all of them wanted to return provided they would get a decent job and earn a similar level of income once they returned. Due to limited inward foreign investments, the situation in Myanmar has not been at the stage as they expected. However, there are trends in many areas going towards that direction. The foreign investments started streaming into various economic sectors, conducting series of joint recruitment fairs, recruiting many professionals at the level of salary that is two to twenty times higher than what an averaged local company could pay. Some local companies are in a difficult situation to recruit

qualified people as the demand for labor as well as professional staff had got increased quite tremendously. There may be a turning point in the near future for a possible reverse migration.

Although a reverse migration is already happening currently, it is still insignificant and impermanent. Once the qualified skilled workers and professional staff within the country become scarce, it is very likely that Myanmar skilled workers and professionals currently working abroad could be attracted as majority of them are willing to return, and this could trigger a possible significant and permanent reverse migration (IOM, 2013, p.41).

These are all possible trends of migration that could happen due to the reforms that are taking place in Myanmar. How fast the trend could be greatly depends on many other factors that include, but not limited to, how fast Myanmar could make invisible reforms: reforms to build up a concrete foundation for economic and social development and that are the basics for visible reforms to be sustainable. A reform is not a one-time event. It is a process. However, it is not an ordinary process. It is a process of evolution. Hence, it needs a great deal of time to evolve. During such an evolutionary process, it takes a lot of courage to make hard political decisions and could sometimes be very costly politically (Aung, 2014, p.7).

New economic reforms and return migration: the policy bottleneck

How fast the trend of such reverse migration could proceed also depends on other labor and immigration-related policies that include, but not limited to, policies related to returning migrants, especially the ones living and working illegally abroad. Furthermore, it also depends on how well they can re-integrate into their original society. The interviews with Myanmar migrants also revealed that majority of Myanmar migrants abroad (whether or not they are legal) maintain close communication with their relatives and home community despite the lack of a quality telecommunication system, for they frequently visit during the traditional holidays and regularly send remittances back to their left-behind families. This shows the evidence of close relationships with their home community, and it should make the process of re-integration much easier.

The initial trend of such reverse migration in a mild form could be evident once the SEZs start operational in full swing. Although Myanmar currently has a lot of industrial zones in

various regions, nearly half of industrial land or factories in each zone are found to be empty due to the act of speculation as most businessmen bought the land in the industrial zones without having a plan to develop any industries but to sell them instead once the price escalates. Around the half of industrial zones are occupied by various labor-intensive industries that have recruited unskilled and semi-skilled workers, most of whom internally migrated from various parts of the country. As in the case of Cambodia, where majority of garment and textile industries are concentrated in the Phnom Penh area, similar kinds of labor-intensive industries are located in the outskirts of Yangon. Internally migrating workers have to make their own arrangement for food and accommodation. As a result, many privately owned low cost, low quality apartments that have sprung up around the industrial zones.

These existing industrial zones are not attractive to Myanmar migrants currently working abroad. Actually, the majority of Myanmar migrants abroad went across the border in the first place without migrating internally for jobs. Hence, these industrial zones are somehow not even attracted to some internal migrants. Until about 2012, the average monthly wage given by garment factories was Kyats 20,000-40,000 (which is equivalent to about US\$ 20-41 at the exchange rate of Kyats 985 per US\$ as of January 2014). It was never attracted even to the Myanmar labor migrants in a neighboring country, Thailand, where an average monthly wage that an unskilled or semi-skilled Myanmar migrant could earn is US\$ 60-200. In addition, the working environment in the majority of factories in these industrial zones (with some exceptional cases at the factories with a high volume of exports) are not favorable.

New Infrastructure and Mobile Labor

As it turned out, the initial development plan for Dawei SEZ project was too ambitious. It was planned to develop in the area of over 200 square kilometers, which is around ten times bigger than the development plan of Thilawa SEZ project. The Myanmar and Thai governments had realized that the Dawei SEZ development plan should be revised to implement phase-by-phase. As a result, the two governments planned to develop initial projects as a package that include a small port (which is different from the originally planned deep-sea port), a two-lane road (which is also different from a high-way road) connecting Dawei SEZ and Thailand, a light

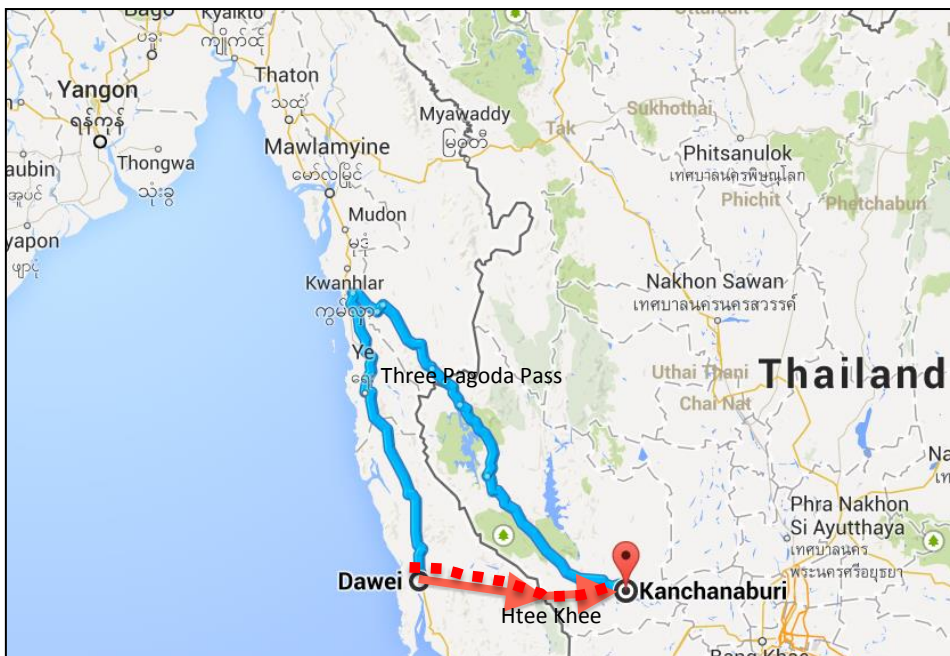
industrial estate with necessary supporting infrastructures that include a power plant, water supply project, residential area project, etc. These initial projects are to attract more investors in order to develop the originally planned bigger infrastructures such as deep-sea port, high-way road, bigger industrial estates, etc., at a later stage.

The potential investors have been very concerned about availability of workers around the Dawei SEZ. In the case of Thilawa SEZ, the availability of workers is not a problem as the project is located very close to Yangon, which is the biggest commercial city of Myanmar and the main receiving city for internal migrants. However, in the case of Dawei SEZ, it is located far from Yangon and transportation network with other major cities is still poor. Although labor mobility in Myanmar is very high, it would be easier and quicker to attract Myanmar migrant workers from Thailand. As the majority of industries that could be attracted to the initial projects are expected to be Thai or Japanese industries from Thailand, it is expected that Myanmar migrant workers who have been working for them in Thailand would come along with these industries. As per the Myanmar SEZ law, the jobs that do not require any special skills are to be taken up by Myanmar citizens, at least 25 percent of technicians and professionals have to be Myanmar in two years, 50 percent in the following two years, and 75 percent in another following two years. Hence, the industries in the Dawei SEZ would require Myanmar workers, technicians and professionals. In a short and medium term, the requirement of Myanmar unskilled and semi-skilled workers may be met by internal migrants; however, the requirement of skilled workers and technicians would require tremendous level of training and human resources development. It is likely that these positions would be easily filled up by Myanmar migrants coming back from Thailand.

Hence, the Thilawa SEZ would accommodate more internal migrants, while the Dawei SEZ is likely to accommodate both internal migrants and cross-border Myanmar migrants from Thailand. The Dawei SEZ area is located at 366 km from Mawlamyaing and at 156 km from Ye, that are major sending communities of cross-border migrants to Thailand. It is likely that internal migrants from these areas wishing to cross the border to Thailand for employment and the returning Myanmar cross-border migrants from Thailand wishing to come back to a place closer to their hometown, would be potential workers in the Dawei SEZ.

Better connectivity and better infrastructures would be one of the attractions for Myanmar migrant workers in Thailand to trigger reverse migration to Dawei SEZ (IOM, 2013, p. 28). The construction of the new road connecting Dawei SEZ and the Thai Kanchanaburi could be a major connectivity to ensure the mobility of migrant workers. Normally, due to limitation of transportation network in Myanmar, those from Kanchanaburi of Thailand could come to Myanmar through Phayarthonesu (Three pagoda pass) and Ye, which is a significantly long road connection that could stretch up to nearly 600 km. After the construction of the new road from Dawei to Kanchanaburi through the Htee Khee border pass (on Myanmar side) and Phu Nam Ron (on Thai side), the distance between them could become significantly shorter.

Figure 4.3: Comparison of the existing and new connectivity between Dawei and Kanchanaburi



Source: Google map and Dawei SEZ Management Committee (2015)

While mobility is one of the defining features of the local labor, it is also necessarily changing through new infrastructure. Although the new concrete or asphalt road has not been constructed as of mid 2015, the earth road has been paved and several vehicles including trucks

have been going along this road. This road could be the shortest one between Dawei of Myanmar and Bangkok of Thailand, especially the industrial estates and Laem Chabang port of Thailand. The manufacturing industries in Chon Buri of Thailand (where Leam Chabang port is located) have been thinking of relocating their supporting industries either to the Dawei SEZ or the Htee Khee industrial estate which is planned for development at the Htee Khee-Phu Nam Ron border. These manufacturing industries also estimate that the Leam Chabang port could be a better transit for the cargos coming from the Eastern countries such as Japan, Korea, Taiwan, and Hong Kong, that are going to Western countries through the Dawei SEZ port without needing to pass through the Malacca Straits much further south.

As the manufacturing industries plan to relocate their supporting industries into Myanmar, the skilled and semi-skilled Myanmar migrant workers, who are currently working for them in Thailand, would come along with them into Myanmar. This could be a significant reverse migration induced by the industrial relocation. The main motives of these industries for such relocation are cheap unskilled workers in Myanmar and possibly the GSP²³ status which Myanmar currently enjoys. On the other hand, the main motive for Thailand is not to miss out on the opportunity once the Dawei SEZ is connected to Cambodia, Vietnam and eventually to the Pacific Ocean through the Southern GMS Economic Corridor, and to take the opportunity for Thai industries to expand into the areas where they can get benefits such as lower wages and possibly the GSP status. The motives of Myanmar are also to open up more employment opportunities for local communities and internal migrant workers from all over the country, and to boost up the economy through increased investment and trade. To create jobs for local people, especially for the Karen ethnic nationalities, with whom Myanmar has recently concluded a cease-fire agreement to end a decades-long civil conflict, is very important for Myanmar because job opportunities (that were very limited locally due to civil conflicts that had led many

²³ The EU's "Generalised Scheme of Preferences" (GSP) allows developing country exporters to pay less or no duties on their exports to the EU. This gives them vital access to EU markets and contributes to their economic growth. The reformed GSP, which applies as from 2014, focuses support on developing countries most in need. (www.ec.europa.eu). The U.S. Generalized System of Preferences (GSP) is a program designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 5,000 products. (www.ustr.gov).

including Karens to migrate internally or across the border to Thailand) will start opening up once the industrial estates are in operation. majority local people did not have . The Dawei and Htee Khee industrial estates and new infrastructures around these areas would allow them feel the benefits of such development through increased income and increased consumption and spending on education and health care. In other words, although the motives of the two countries are different, they can be complementary to each other.

Investment Issues in Job Creation for Migrants

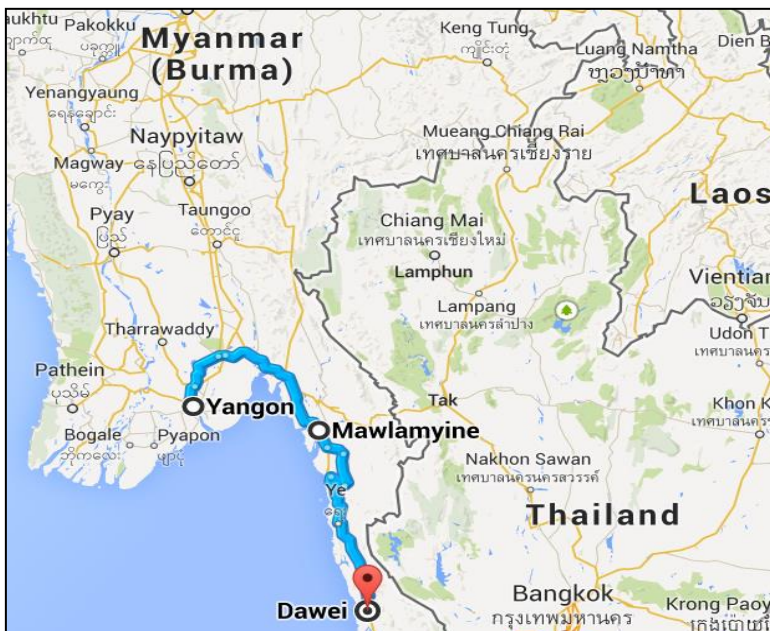
The different categories of push factors behind migration were elaborated in Chapter 2. As the main push factors for migration from Myanmar include lack of alternative livelihood options, lack of employment opportunities, lack of infrastructures, and climatic variation, the stock of outflow migration could potentially be lower after the implementation of the Dawei SEZ project, which would develop infrastructures, create jobs and new livelihood options. Since the internal Myanmar migrants or returning Myanmar migrant workers from Thailand are unlikely to be reengaged in the farming and plantations, the climatic variation would not have major impacts on their livelihoods. The secondary push factors – which include lower socio-economic conditions, livelihood hardship, and lower resilience to economic, social and environmental shocks – would be improved due to increased level of employment, income and consumption around the Dawei area. The facilitating push factors – that include brokers, social networks and job agencies – will still exist; however, with proper policies, their targets could shift from facilitating illegal cross-border migration to legal internal migration for jobs. However, the main expectations of internal migrants such as to send remittance to their families, to strengthen resilience to shocks, to reduce family burdens, to link the social networks and to have alternative livelihood options, etc., would still be the same as cross-border Myanmar migrants.

In the case of cross-border migration between Myanmar and Thailand near the Dawei area and surrounding roads, the brokers still have an important role, although strong social networks between the Myanmar migrant workers in Thailand and their home communities have been well established (Nuchpam, Than, Trichot, Thantrakunsab & Denkesineelam, 2010,

p.145). It is due to the illegal process of migration to cross the border, which requires more complicated networks and connections that ordinary labor migrants do not possess. This also applies to Myanmar migrants returning to Myanmar as they still need to rely on brokers. In the case of internal migration, in a longer term, the social networks could diminish the role of brokers as these complicated underground networking process would not be necessary anymore; however, quality labor recruitment agencies would spring up to meet the demand for labor.

Once the road infrastructure between Yangon, Mawlamyaing, and Dawei has been improved, the level of internal migration for Dawei SEZ would be tremendously increased.

Figure 4.4: Road link between Yangon and Dawei through Mawlamyaing



Source: Google map and Dawei SEZ Management Committee

It takes about 680 km from Yangon to Dawei and the road passes through Mawlamyaing, which is a much more active city than Dawei due to its proximity to Myawawaddy-Maesot border with Thailand, which is further connected to the East West GMS Economic Corridor (EWEC). The population in Mawlamyaing is estimated to be around 325,927, which is nearly three times bigger than that of Dawei. The distance between Mawlamyaing and Myawaddy-

Maesot border is just 175 km; however, until 2015, the road was still very narrow, meaning that traffics going to and coming back from the border were allowed only on alternate days until the new road was open in 2015. The development of new road tremendously and positively facilitates both internal migration and cross-border Myanmar workers in Thailand to return in a legal fashion, and one which may ensure their continued wage employment.

The Special Economic Zones that are being planned for development in Myanmar would induce migration both internally and across the border. There will be quite a few factors – including systematic development of pioneer SEZs up to the international standards, responsible long-term investments (taking into consideration of corporate social responsibilities) in these SEZs creating decent jobs for Myanmar workers, the enforcement of labor laws and regulations to ensure minimum labor standards – that would attract more internal and cross-border Myanmar workers as SEZs, tend to foster labor mobility into the zone (Khandelwal & Teachout, 2016, p.18). However, it would still take some times to gain these positive impacts, as only one of these pioneer SEZs, that is the Thilawa SEZ, would be commercially operational by 2015. In order to speed up the development process of other SEZ projects, the Myanmar government has adopted phase-by-phase approach according to which the light industrial estate project would be immediately implemented in Dawei and a smaller industrial and logistic park having only 1,000 acres would be developed in Kyaukphyu. In addition, in order to have quicker implementation, multiple developers are allowed in both Dawei and Kyaukphyu and mechanism for efficient coordination is created. Hence, the development of phase-zeros would effectively induce both internal and cross-border Myanmar migrants to apply for work in the Zones, and should be able to maintain, utilize, and upgrade their skills by contributing towards economic and social development through increased employment, increased investment, increased exports, increased per capita income, increased consumptions and increased socio-economic conditions of local people around the project areas.

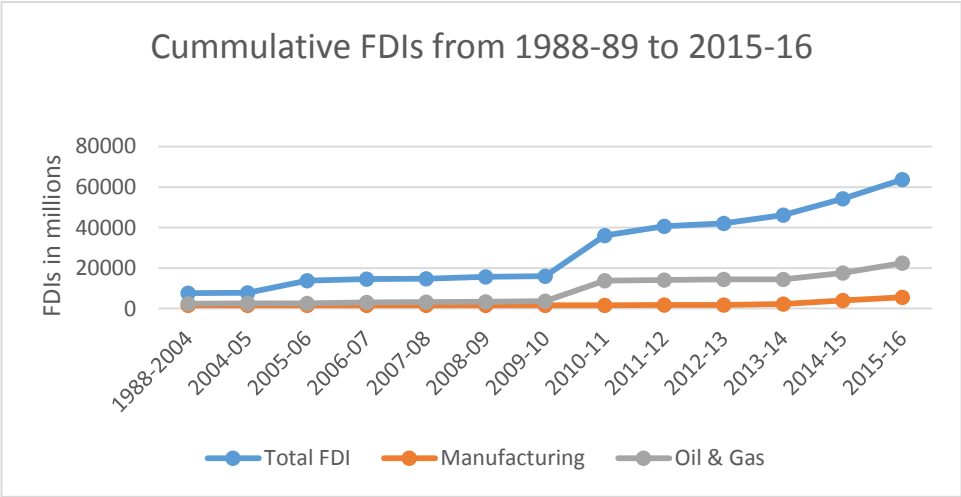
However, if the development turns out to be faster than expected, a problem related to shortage of skilled and semi-skilled workers may be experienced. A short-term pull factor to induce ready-made skilled and semi-skilled Myanmar workers from Thailand and possibly from Malaysia and Singapore could be the higher wage. In a short term, the cross-border migration

from Myanmar to Thailand through various informal channels would still remain while internal migrants from other parts of Myanmar would flock into these SEZs until the time the pull factors of these SEZs would become significant enough to pull back Myanmar migrants currently working in Thailand to return.

The Effect of Foreign Direct Investments on migration

Just as the new SEZs are affecting migration, in turn, Foreign Direct Investment is affecting the development of the SEZs as well as other sectors. Since the new democratic government took office in 2011, Foreign Direct Investment (FDI) had significantly risen. While total amount of FDI in the past 25 years from 1988-89 to 2010-11 was US\$ 36 billion, the total FDI inflows during the past 5 years from 2011-12 to 2015-16 had reached US\$ 27.663 billion. The total investment flows in the past one year in 2015-16 into the Thilawa SEZ alone had reached over US\$ 600 million. As a result, the share of FDIs in the oil and gas sector (which has always been the highest) had reduced from 38 to 35 percent during the past five years, whereas, the share of FDIs in the manufacturing sector had increased from 5 to 9 percent (that is an increase from US\$ 1.697 billion to US\$ 5.525 billion in the past five years from 2010-11 to 2015-16).

Figure 4.5: Cumulative FDIs

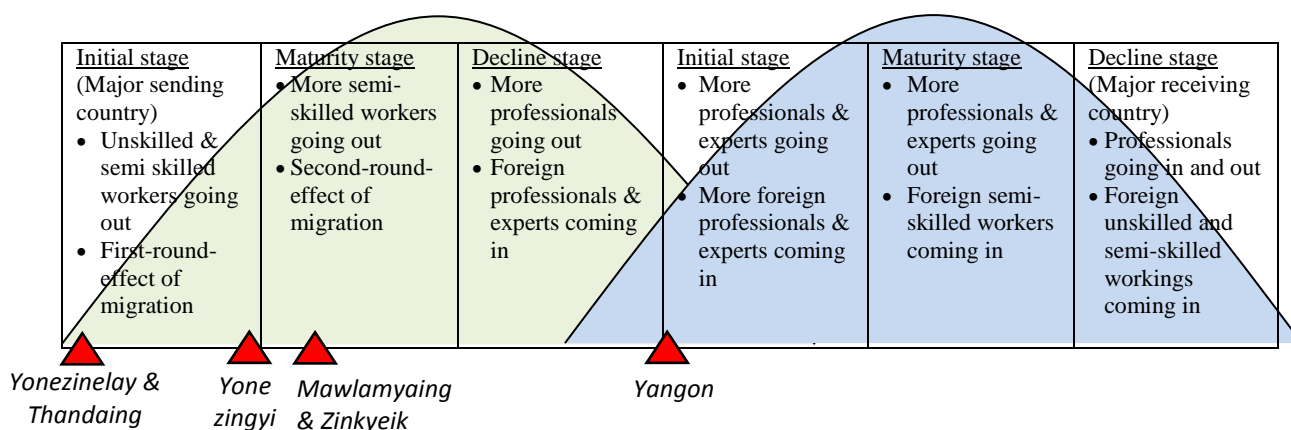


Source: Directorate of Investment and Companies Administration

The increase of FDIs in the manufacturing sector has tremendously opened up employment opportunities strengthening the existing flows of internal migration. However, the demand for labor created by increased FDIs is still very low compared to the supply of internal migrants as well as cross-border migrants who are either returning or planning for return. Although the FDIs induced by Special Economic Zones are not yet significant as they are still in the process of development, they can play a significant role for the migrant and settled labor market in the longer term.

Despite the significant gap in supply and demand in the labor market, FDIs coming to urban centers have attracted more internal migrants, strengthening the rural-urban migration process through which more internal migrants have secured jobs and could benefit to some extent their left-behind families. However, the majority of FDIs coming to non-urban areas are not in the manufacturing sector, and are still very limited due to lack of decent infrastructures. As a result, labor migration in a majority of rural places is still going through an evolutionary process, moving gradually or slowly from one stage of the migration lifecycle to the next. On the contrary, FDI-concentrated urban areas such as Yangon are gradually entering into the maturity stage of the migration lifecycle, or even in the early introductory stage of the next lifecycle in which more foreign professionals and experts are coming in, as elaborated in *Chapter 2*.

Figure 4.6: Different stages of migration lifecycle



Source: Author's interview surveys

According to the findings of the surveys conducted in Yonezinlay, Thandaing, Yonezingyi and Mawlamyaing & Zinkyek places as analyzed in the *Chapter 3*, it could be estimated that Yonezinlay and Thandaing are at the early introductory stage of migration lifecycle, whereas, Yonezingyi is at the late introductory stage, Mawlamyaing and Zinkyek at the early maturity stage and a FDI concentrated place like Yangon is at the decline stage of the migration lifecycle (or could possibly be in the early stage of the next lifecycle) as depicted in the above figure. Once the FDIs (and domestic investments) have created enough demand for labor that could absorb or that exceeds the domestic labor supply, a place like Yangon could possibly move to the maturity stage in which labor market would start depending on semi-skilled workers from abroad which is already happening in some projects that have attracted semi-skilled and skilled workers from Vietnam, Thailand and China.

Potential Contributions of SEZs to migration and human resources development

Out of three Special Economic Zones that are planned for development as a part of reform in Myanmar initiated by the government, only one Special Economic Zone, namely Thilawa SEZ, is currently operational and its commercial operations started in September 2015. Hence, contributions of SEZs towards migration and economic development still cannot be quantitatively measured. However, the contributions of Thilawa SEZ (and Dawei as well as Kyaukphyu SEZs to some extent) can generally be grouped into three categories that are (a) contributions towards employment opportunities and (b) contributions towards human resource development.

Contribution towards employment opportunities

In terms of employment, manufacturing businesses in Thilawa SEZs open up employment opportunities for the local people around the Thanlyin and Kyauktan townships that are small towns having the population of 313,765 in total, which may not be an adequate level of workforce for Thilawa SEZ once it is fully developed. However, as the mobility of labor in Myanmar is quite high, workers not only from Yangon (which is the biggest

commercial city of Myanmar located at 22 km away from Thilawa) but also from other places across the whole country come to Thilawa SEZ to take up the jobs available. Hence, the employment opportunities created by Thilawa SEZ are not limited only to local people around the Zone but also to Yangon and to other places in Myanmar. Currently, just a few months after the commercial opening of the Zone, the employment opportunities for at least 15,256 workers are already open up by 61 investors located in the Zone. Currently, only one sixth of the zone is developed as the first phase and 80 percent of the first phased is occupied, hence, once the whole zone is developed, employment opportunities and contribution towards Myanmar labor market could be more significant.

A significant finding is that Thilawa SEZ has immediately opened up job opportunities especially for local people in Thanlyin and Kyauktan township. The results of the survey conducted on 209 workers in the Thilawa SEZ in 2016 revealed that 83.3 percent of respondents are locals from these two townships. Another significant finding is that 76.9 percent of respondents are found to be non-graduates of which 23.1 percent has the educational level of grade six and below. It means that the initial development of the Thilawa SEZ has opened up job opportunities especially for local people whose level of education is lower than average and who could have been difficult to find a decent job elsewhere.

Although the return migrants (whose previous job was in overseas) account for only 5 percent of total number of respondent workers in the Thilawa SEZ, those having an experience of working overseas or ex-cross-border migrants account for 16.8 percent. In terms of wage level, although there is no significant evidence that workers in Thilawa SEZ get higher level of wages compared to their previous jobs, it is found that local workers from Thanlyin and Kyauktan townships having lower education level (i.e. grade 6 and below) have experienced the wage increase compared to their previous jobs.

During the initial phase of the Thilawa SEZ operation (i.e. less than a year after the commencement of its commercial operations), local people around the SEZ area are found to have more benefits while internal migrants coming from other parts of Myanmar and ex-cross-border migrants are also found to be working for various industries in the SEZ. As the number of industries grow, employment opportunities will go beyond the local townships pulling more

internal migrants while more advanced industries requiring more advanced skills would attract those having working experiences abroad.

Contribution towards Human Resource Development for Migrants and others

In the area of cross-border migration, there is a trend in which destination countries are becoming more and more selective of human capital with labor market skills and competencies. Such skill-selective migration policies and regimes serve as a tool of the receiving countries to promote their international competitiveness in the skill-and-knowledge-based economy of the twenty-first century. Yet an efficient flow of labor migration which benefits both sending and receiving countries is needed to alleviate skill imbalances through the capacity building of all people concerned (Wongboonsin, 2009, p.183). Likewise, there also is a trend in which new SEZs in Myanmar are becoming selective of human capital with more skills and becoming a pull factor especially for internal migrants. The efficient flow of labor migration between home communities and the places where skilled workers are required such as SEZs in terms of internal migration is needed to alleviate skill imbalances across the country, however, it is a long-term process.

In the case of Myanmar, as majority of workers are either un-skilled or semi-skilled, currently established manufacturing businesses in Myanmar (majority of which are labor-intensive and do not require highly skilled workers) are suitable for Myanmar at the moment, for they can open up employment opportunities to majority of people in Myanmar. However, as they cannot train their workers to become highly skilled, as they do not need this as yet to due to their nature of industries, their contributions towards the human resources development are still limited. In addition, there is no proper training center around the existing industrial zones and manufacturing businesses, hence, they provide simple on-the-job trainings by themselves to their workers.

As the development of Dawei and Kyaukphyu SEZs have not started yet, their contribution towards human resources development are still not yet materialized. In the case of Thilawa SEZ which has started its commercial operations, although there are some labor-intensive garment, footwear, toys and food processing industries, other specialized industries

that include automobile, auto-parts, electrical parts, pharmaceutical, pre-fabricate steel structures, that require higher skills also exist. As a result, due to increased demand for higher skilled workers, a demand-based Japanese vocational center is established within the Zone to train workers as per the investors' demand. While majority of businesses are under construction, the vocational training center has started providing local people around the Zone with basic trainings as a part of its corporate social responsibility so that they will be ready once the demand for workers increases.

In addition, investors are sending their workers to their facilities abroad to get further trainings. One example is a Japanese manufacturing business in the Zone that produces radiators has sent a few workers (as soon as they were hired) to its regional manufacturing plant located in Indonesia for a few months after which these workers came back to work as supervisors. Another example is a Japanese manufacturing business that produces gloves has sent unskilled workers to its facility in Vietnam for six months after which these workers came back to work as supervisors in their plant in the Thilawa SEZ. As a result, workers in Thilawa SEZ have opportunities to get different kinds of training that include, but not limited to, on-the-job trainings, specialized trainings at the vocational center and trainings at overseas plants and these trainings have upgraded workers' skills and significantly contribute towards human resources development.

Implications of SEZ policies for migration

How Special Economic Zones currently or potentially contribute towards economic development and how they are becoming a major pull factor for internal migrants and also for Myanmar migrants abroad to return have been elaborated in this *Chapter 4*. The policy on the development of Special Economic Zones has the main focus on creating favorable, predictable and friendly investment climate through the development of both hard and soft infrastructures and it has become more of a success rather than a failure.

However, the policy narrowly focuses on promoting foreign investments, exports and employment opportunities, and it is still not yet successful in effectively linking these initiatives with migration and wider socio-economic development. In addition, the positive impacts that

these SEZs would bring in the medium term could still be minimal, as they could not absorb the enormous level of labor supply generated by constant flows of internal migrants. Hence, the implications of the policy on development of Special Economic Zones in three strategic locations on migration, migrants and their families are still minimal; although it could potentially be significant when more SEZs could be established across the country.

However, once the Dawei SEZ has developed and when more SEZs could be established at borders (similar to the policy in Thailand for developing SEZs at the places bordering with Myanmar, Lao PDR and Cambodia), more significant impacts on the pattern of migration could be evident. As a result, the problems related to illegality of Myanmar migrants currently working in Thailand, abuses and exploitations due to such illegality and negative social impacts on them could then be mitigated. Multidimensional policies on creating a favorable and enabling environment (in which macro-economic stability is maintained; favorable investment and business environment is ensured; and politically stable climate sustains, as elaborated in Chapter 8) are needed to achieve holistic developments that would potentially have positive implications on migrants and their families.

As the policy on development of Special Economic Zone is considered to be an ad-hoc policy for promoting foreign investments and as elaborated in Chapter 9, it is required to constantly review its relevance and to adjust it to link up with other development policies in order not only to strengthen its relevance but also to maximize its positive effects on migrants and their families.

Chapter 5

Implications of Policies in Financial Sector and Trade Sector for Migration and the Economy as a whole

In *Chapter 4*, implications of reform policies related to development of the new Special Economic Zone on migration (especially on internal migration) and possibly on migrants returning home in the medium term were elaborated. Chapter 4 also highlighted the fact that the policy on Special Economic Zones Development should further be linked up to migration policy as well as wider development policies in other economic sectors in order to develop holistic and coordinated policies that would be able to create a favorable or enabling environment (in which macro-economic stability is maintained; favorable investment and business environment is ensured; politically stable climate sustains; alternative livelihood options open up; and convenient, affordable and secured migration channels are established) which would establish more visible link between migration and socio-economic development.

In this *Chapter 5*, reform policies in financial and trade sector is elaborated as they need to be coordinated with other wider development policies (including the policy on Special Economic Zones development) and implications of these policies on migration, migrants and their left-behind families are further elaborated to highlight how policies in financial and trade sector, despite their good intentions, have had adverse impacts on migrants or their left-behind families due to various reasons that include poor monitoring system, lack of policy feedback on relevance and lack of policy adjustment (as the relevance of policies tends to become weaker after sometimes requiring some policy adjustment).

Implications of policies in Financial Sector for migration and the economy as the whole

Financial sector in Myanmar has been at the nascent stage in the past decades. Financial institutions that had thrived in 1950s were nationalized in 1960s by the Socialist government and only the state-owned banks continued their basic banking operations in the Socialist economy. Domestic private banks had sprung up when the military government initiated a so-

called market economy in 1989, however, these banks undertook only basic deposit taking and lending operations in the past two decades. Until recently, payment and settlements were carried out manually, financial transfers were conducted through telephones and faxes, less than ten percent of population has access to banks, majority of people including businesses have to rely on informal financial market where they can borrow limited amount of money at the interest rates varying from 36 to 180 percent depending on trustworthiness or type of collaterals. Starting from 2011, the new government of Myanmar started focusing on reforms in various economic sectors.

Among the reforms taking place in Myanmar, financial sector reforms also play an important role for migration as it could develop an efficient remittance system. The majority of private commercial banks were granted the authorized dealer license for foreign currency operations including foreign banking. As a result, banks started to establish their correspondence networks and open up their respective Nostro accounts in their correspondent banks abroad especially in the ASEAN region. Some banks started working with the Western Union to facilitate the international remittances. However, most Myanmar migrant workers in the countries like Thailand and Malaysia do not easily access to the Western Union to make remittances back to their home community. Hence, Kasikorn bank and Krung Thai bank of Thailand took an initiative and started the cross-border remittance system between Myanmar and Thailand through their ATMs. The Myanmar language is installed in most of their ATMs in some places in Thailand, such as Mahachai, where there are a lot of Myanmar migrants. By using these ATMs, Myanmar migrants can make the cross-border remittance without needing to have any bank accounts.

Historically, the informal remittance system, which is called *hundi* is used by many Myanmar migrants. The word *hundi* came from India as it means trust in Hindi language, deriving from the Sanskrit root *Hund* meaning ‘to collect’. (Martin, 2009, p.911) It is a system provided by *hundi* agents in the host country, who accepted the remittance money in a currency of the host country and sent the message to their agents in Myanmar, either by phone or fax or email, to pay the equivalent amount in Myanmar currency. Most *hundi* agents either in the home or host countries are traders so that they need the currency of the host country in order to buy

products that are imported into Myanmar. It is also a kind of remittance for Myanmar *hundi* agents that are traders to purchase products in the host country. Since most Myanmar *hundi* agents are in Yangon, they had to use private commercial banking system to send the money to various towns, where bank branches are located. Hence, the families of the senders in villages could go to the nearest towns, where they could receive the remitted money by presenting their ID cards. In the whole process of money remittance system, both senders and receivers do not need to have any bank accounts and they do not necessarily need to know that the money was transferred across the border illegally through the two *hundi* agents and then transferred again domestically through the legal private commercial banking channel. The sender just need to go to the *hundi* agent and paid the money in the host country's currency to be remitted, then to call his family to receive the equivalent Myanmar currency at the bank located in the town close to their village. Hence, the *hundi* system is simple and effective. However, there were some evidences that *hundi* agents ran away with all the remittance money, and as a result, the senders lost their money and their families did not receive them. Hence, the remittances through the legal channel are becoming important for migrant workers (Aung, 2009, p.26).

Although the remittances to Myanmar nowadays can be made even by using major international credit cards through the Western Union, majority of Myanmar migrant workers in the countries like in Thailand or Malaysia do not have an access to the banks and find it complicated to fill up the forms for registration, and remittances. Hence, as *hundi* is the device preferred by most, the role of *hundi* agents is still important for them (Turnell, Vicary & Bradford, 2008, p.77). The skilled and professional Myanmar migrant workers in the countries like Singapore find it very easy as they nowadays can send the money to Myanmar even through the Singapore post. However, there still are many Myanmar migrant workers in Singapore who find it more comfortable to use *hundi* agents, majority of whom are shop owners at the Peninsula Plaza in Singapore.

Furthermore, plans are being made to materialize the cross-border mobile payment system through the banks or through the mobile network operators. It may not be difficult to make the cross-border mobile payment between the two banks in the host and home countries that have been providing mobile banking and payment services because the settlement can be

made through their Nostro and Vostro accounts. However, that kind of services may be limited due to the lack of interoperability, because of which only those who got registered with their mobile payment systems provided by the two banks could have access to the cross-border mobile payment system.

Since Myanmar has granted licenses to the two international mobile operators that are Telenor from Norway and Ooredoo from Cater, the coverage and mobile tele-density across the country will reach over 90 percent within five years, which will be a perfect timing for mobile payment system for both domestic and cross-border money transfers. Plans are being made to grant licenses to these two international and two domestic mobile network operators to provide mobile payment services. Since these international mobile operators have been providing similar services in the countries like Thailand, Pakistan and other countries, the cross-border mobile remittances with better interoperability can be easily implemented.

If such cross-border remittance can be done at affordable prices regardless of mobile operators being used by the senders and receivers due to better interoperability, it will have the significant positive impact on the migrants and it may be the end of the illegal *hundi* remittance system. Under this system, any migrant worker in Thailand, without having a single bank account, would be able to send electronic money by using their mobile phones regardless of which mobile operators they use, directly to a mobile telephone in Myanmar, which is being used by one of his family members. Hence, the receiver can either directly use the electronic money credited into his mobile telephone by making electronic payments or cash it from one of the mobile agents in his village. This is an example of the latecomer's advantage, which Myanmar, being a latecomer, could leap-frog and implement cross-border electronic money transfer system through the mobile telephones.

The cash payments will still be important in Myanmar being a cash society regardless of the implementation of electronic payments. Even in the countries like Thailand or Japan, where electronic money has been a wide-spread payment method, cash payments still play an important role to a great extent. Hence, the cash agents across the country who facilitate the mobile payment system will play a very important role for the successful money transfer both domestically and across the borders. This system of easy remittance through the mobile phones

without needing to have an access for formal banking sector would tremendously help many unbanked or underbanked left-behind families of migrant workers in the home community. This will in turn tremendously contribute towards increased consumptions, in the local community, which would help the economy to grow.

The result of the surveys on migrants and migrant families in the dry zone revealed that although there are evidences of using the remittances in the unproductive businesses that include making informal loans to those who plan to migrate, renovation of houses, etc., the majority of migrants' left behind families were found to use them more on education and healthcare, which contributed towards social developments and also on community fairs and donations, which tremendously built up social capital in the community.

The reforms in the financial sector also include establishment of both domestic and foreign micro-finance companies to make flexible micro loans to the rural community. Although this does not directly relate to the migration since these micro credits are not meant for it, it helps a lot to migrants' left behind families. These micro finances are found to be complimentary to remittance income in contributing towards the economic and social development of migrants' left-behind communities. In addition, the establishment of policy banks that provide loans to farmers for agricultural development, and also to micro, small and medium sized enterprises for the SME/SMIs development, increase the availability of credits for more people in the rural areas, who normally do not have an access to the formal bank loans that are cheaper.

Since the economic sanctions imposed on Myanmar by some Western countries have either been cancelled or suspended, Myanmar banking sector has once again opened up to the global banking and financial services leading to a situation, where local banks nowadays can have an access to cheaper and longer-term funds from some international banks. This makes it easy for these local banks to practice more effective assets and liability management, meaning that they could nowadays make similar longer-term loans such as project finance to local small and medium enterprises.

The Central Bank of Myanmar has become an autonomous body, independent from the Finance Ministry and has started taking measures for price stability, financial stability and for efficient payment and settlement system. The long term issue related to multiple exchange rates

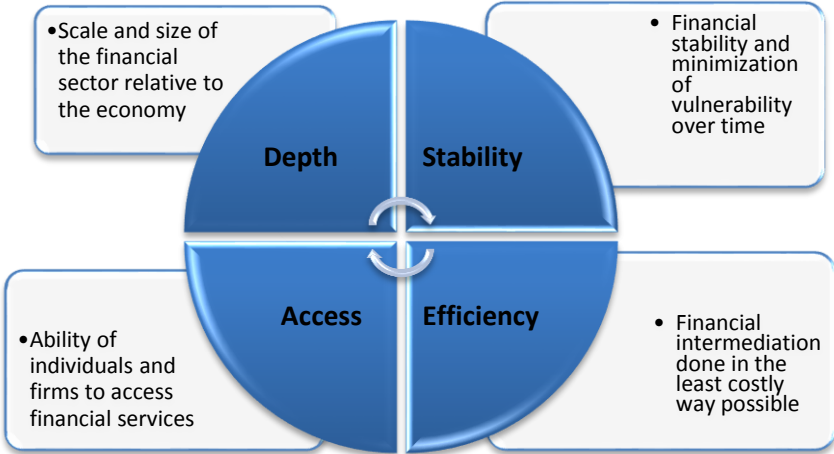
(according to which the official rate was six to one United States Dollar while the widely used informal market rate was a thousand to a Dollar) have been addressed and the reference rates that are in line with the market rates are being issued by the Central Bank on daily basis through the daily foreign exchange auctions called FX auctions. In addition, the FX interbank market has been established and the rates settled through the interbank market are published three times per day. Without having this issue related to multiple exchange rates addressed, cross-border remittance through legal channel could have never been implemented. In addition, although varieties of financial instruments to control inflation from the monetary side are not yet available, some direct methods such as reserve money targeting and deposit/credit auctions are being implemented in order to ensure price stability. As a result, the double-digit inflation had come down to 6-7 percent. It is estimated by the Asian Development Bank that the inflation in Myanmar, due to economic growth accelerated to an estimated 7.5 percent in FY2013 (ended 31 March 2014) from a revised 7.3 percent in FY2012, could rise to about 6.6 percent in 2014 and 6.9 percent in 2015 (ADB, 2014, p.213). The stable level of inflation helps a lot to migrants' left behind families who are receiving remittances in the local currency. In the past, due to high level of inflation, the value of cash in hand received in local currency by the migrant's left behind families melted as an ice cube as their purchasing power constantly got diminished.

A possible problem, which Myanmar migrants in Thailand could face in 2014-15, is the depreciation of Thai Baht due to the US Fed's tapering scheme according to which the Fed started winding down its monetary stimulus by reducing the purchase of bonds, while Myanmar currency started getting appreciated due to the inward flows of foreign investments, official development assistances and increased exports. As result, the amount of local currency received by left-behind families in Myanmar of Myanmar migrants in Thailand could be lower if the Thai Baht keeps getting depreciated and Myanmar Kyats appreciated vis a vis US\$. However, the Myanmar currency against both US\$ and Thai Baht had significantly depreciated since November 2014 in the case of US\$ and June 2014 in the case of Thai Baht.

As per the master plan for financial sector development, measures are being taken to develop in the four dimensions that include financial depth, financial access, financial stability and financial efficiency (World Bank, 2014, p.23). The improvements in all these four

dimensions would directly or indirectly benefit Myanmar migrants abroad and their families in their home communities. The improvements in financial access are to have higher percentage of people with bank accounts and higher percentage of firms and individuals having bank loans. These improvements would lead to improved financial depth by having higher deposits, credits and M2²⁴ to GDP ratios. Since less than 10 percent of population in Myanmar currently has bank accounts, the improvements in financial access and depth would enable migrants' left-behind families to have easy access to the formal financial sector through which migrants' remittances could be received safely. In addition, improvements in financial stability would make the whole banking and financial sector healthy, reliable and convincing so that the majority of people would be more comfortable and feel safe to use formal banking and financial sector. Improvements in the financial efficiency would narrow the interest spread and develop more efficient payment system, all of which would get migrants and their families benefited to a great extent.

Figure 5.1: Strategic financial sector development framework ²⁵



Source: Myanmar financial sector development strategy, World Bank Group

²⁴ M0, M1, M2, etc., are different measures of money supply. M0 and M1, also called narrow money, normally include coins and notes in circulation and other money equivalents that are easily convertible into cash. M2 includes M1 plus short-term time deposits in banks and 24-hour money market funds.

²⁵ A basic framework for financial sector development structured around four core dimensions based on World Bank, "Global Financial Development Report 2013".

Developments in financial sector would establish better financial connectivity between rural and urban areas. The electronic connectivity between the banks' head quarters in the cities and their branches in rural areas will be in place due to the introduction of electronic core banking systems in most private banks. In countries like Myanmar and Thailand, where loan decisions are not decentralized to branches, the electronic connectivity plays a very important role for efficient payments and remittances between urban and rural areas. This will greatly benefit internal migrants, who have been migrating from one place to another across the whole country. As it is mentioned in the previous chapters, workers' mobility is very significant in Myanmar, as people from the dry zone in the middle part of the country could be seen working in rubber plantations and rice farms in Mon state, the southern part of Myanmar, where enormous flows of cross-border migration to Thailand is originated. Likewise, workers from the dry zone, Shan state and Ayeyarwaddy delta could be found working for various garment factories located at outskirts of Yangon, and those from the dry zone working as waiters at various restaurants and teashops in Yangon. The majority of internal migrants normally rely on people to people money transfer system according to which they send cash with friends or acquaintances, who are going to the villages not very far from the ones where their families live (Aung, 2009, p.26). The improvements in financial access and depth would enable them to use formal banking and financial sector for their remittances back home. The development of mobile payment system would tremendously benefit these internal migrants more than cross-border ones as they don't have foreign exchange risk exposure. There still are limitations due to lack of infrastructures such as telecommunication lines and electricity, the coverage of bank branches and ATMs across the country, hence the only system that can be materialized across the whole country in a very short period of time could be the mobile payment system. As more people have bank accounts as a result of improved financial access and depth, they would be able use mobile banking services, (which is different from mobile payment system that can be used by unbanked people), with which migrants and their families can not only transfer the money and make payments but also make deposits, get bank loans and other financial services through their mobile phones.

Myanmar is still very cautious about capital flows although the current account flows related to trades have been liberalized. The capital inflows and outflows include not only foreign investments and foreign loans but also overseas payments and receipts including inward and outward remittances. These capital flows have direct or indirect impacts on the exchange rate as the capital inflows could get the local currency appreciated whereas the outflows could get it depreciated. Neither appreciation nor depreciation of local currency is favorable, for it in turn has further consequences on price stability and trade competitiveness. Hence, most countries where macro-economic environment is not yet sound and stable, financial regulators are more conscious with capital outflows as they not only have impacts on the exchange rates but also on the foreign currency reserves, that could be depleted if these flows are significant. Hence, Myanmar is still in the same boat and as a result, the inward remittance may take place freely; however, the outward remittances still require approval of the Central Bank of Myanmar. As per the new Foreign Exchange Management Law and Regulations, the outward remittance per time up to US\$ 10,000 or equivalent amount in other foreign currencies made by any individual resident is allowed without needing the approval of the Central Bank. The transfer of large amount of funds domestically and internationally must be in compliance with the Anti-Money Laundering Law. However, Myanmar migrant workers in the countries like Thailand and Malaysia normally send the currency of these countries equivalent to just hundreds of US\$ on monthly or bimonthly basis. Hence, compliance with the Anti-Money Laundering Law is not applicable for actual migration related remittances.

The financial sector development of Myanmar is resulting in improved migration related remittances and would tremendously benefit Myanmar migrants abroad and their left-behind families in the home communities. The earlier chapters had revealed that efficient migrants' remittance channel would contribute towards not only economic but also social development and could build up social capital in the migrants' home communities.

Implications of policies in Trade Sector for migration and the economy as the whole

In the case of Myanmar's trade sector, it is much more complicated than one could imagine, for the informal trades, which have never been properly documented, accounts for

higher percentage compared to that of formal trades. The informal trade channels are becoming common platforms for informal human flows that may either be in the forms of migration, human smuggling and trafficking. Many Myanmar migrants who could either be migrant traders, brokers or migrant workers in the neighboring countries are also involved in the process of such informal trades or smugglings. Due to the porous borders between Myanmar and its neighboring countries, there are many informal cross border points where the flows of undocumented goods and people are taking place (Aung, 2009, p.16; Aung, 2011, p.28). Although Myanmar is bordering to five countries that are Thailand, China, India, Bangladesh and Laos, the towns bordering to Thailand and China are the most active towns for both goods and human flows. The borders between China and Myanmar (2,192 km), and Thailand and Myanmar (2,096 km) are long and heavily forested, thus allowing practically invisible trade and movement (Thiesmeyer, 2010, p.50). The major informal cross border points that are vicinity to formal points could be found at major borders with Thailand such as Myawaddy-Maesot, Kawthaung-Ranong, and Tachilak-Maesai, and also at major borders with China such as Muse-Ruili. In the case of Myawaddy-Maesot border, there are around 18-20 informal border-crossing points whereas there is only a single legal checkpoint. In addition, there are hundreds of border crossing points in various regions such as Wa, Kokant, and Southern Shan state, Kachin state, etc., that are difficult for majority of Myanmar people from other parts of the country to have access to.

In those border crossing points, formal as well as informal goods and people flows are taking place in parallel. In these areas, trades can be categorized into four as follows.

- a. Legal and documented trades (i.e. exports or imports of products – whose importation or exportation are not restricted – so that traders can apply for appropriate exports and import licenses at the Ministry of Commerce and legally export or import them). These trades are documented both on the sides of Myanmar and the partner country.
- b. Legal but undocumented trades (i.e. exports and imports of products – whose importation or exportation are not restricted – without having legal exports and imports licenses). The licensing procedures of some items, though importation or exportation of which are not restricted by trade authorities, are quite lengthy, meaning that some traders

just smuggle them out or into the country. Some traders import many assorted items however it takes time and complicated to acquire licenses each time they import. As a result, they simply smuggle these products into the country through porous borders. In this case, the trades of these items, though they are legal, are not documented on Myanmar side. However, these items may be documented on the side of partner country.

- c. Illegal (but licit) and undocumented trades (i.e. exports and imports of products whose importation or exportation are restricted by trade authorities). Although imports and exports of these products are restricted, the sales of these products can be found on the shelves of mostly every shops and supermarkets of every town and city of Myanmar. Examples of these products include Red Bull and other energy drinks from Thailand and Monosodium Glutamate taste enhancer (seasoning powder) from Thailand (that are restricted for imports by the authorities of Myanmar) and Rice and Onions (that are restricted for exports from time to time). Although imports and exports of these products are considered illegal by trade authorities, they are not considered illicit by most local people based on their social perceptions. As a result, quite a few traders are involved in such trades. Although imports and exports of these products are not documented on Myanmar side, they may be documented on the side of partner country.
- d. Illegal (and illicit) and undocumented trades (i.e. exports and imports of illicit products whose importation or exportation are restricted both by Myanmar and its partner country). These products may include illicit drugs. Imports and exports of these products are not documented by any country.

Trades under the category “a” flow through legal checkpoints whereas those under category “b” and “c” mostly go through illegal checkpoints (that are not recognized by Myanmar authorities) and are vicinity to the checkpoints (that are legal and recognized by authorities of partner country). Trades under the category “d” flow through porous borders where there is no checkpoint on either side (Aung, 2011, p.16).

Figure 5.2: A legal checkpoint in Maesot of Thailand from where products are exported to an illegal checkpoint in Myawaddy of Myanmar.



Source: Author's survey in Myawaddy (Myanmar) and Maesot (Thailand) during 2009~11

Figure 5.3: An informal checkpoint in Muse of Myanmar from where products are exported to or imported from China

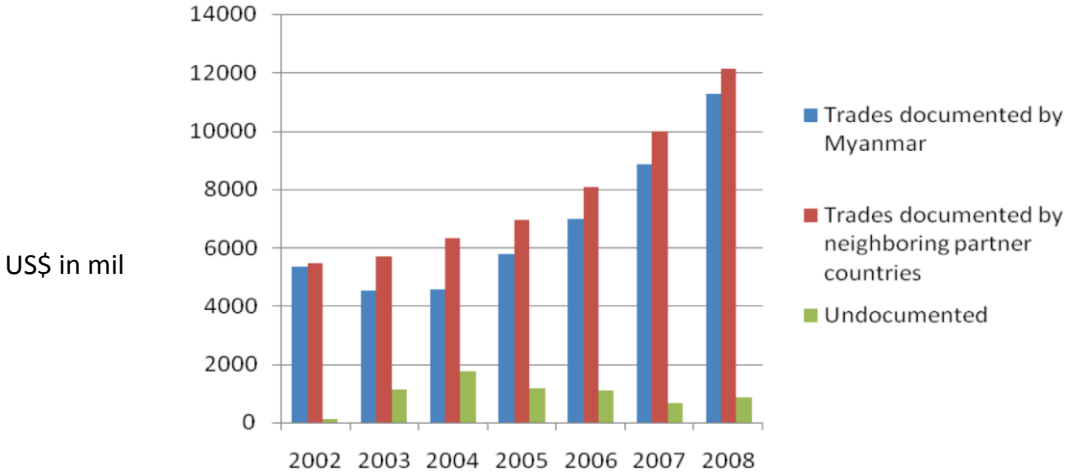


Source: Author's survey in Muse (Myanmar) and Ruili (China) during 2009~11

Due to various complicated systems and restrictive trade policies before reforms took place (such as lengthy licensing system, lengthy financial transaction procedures, export first policy, prohibition of certain products, restriction on exports and imports of certain products from time to time without giving notice in advance and floor price settings), informal/ illegal undocumented cross-border trades with neighboring countries (especially with Thailand and China) had tremendously increased.

Various checkpoints (where cross-border trades flow through Myanmar’s porous borders with Thailand and China) are not recognized by Myanmar authorities (thus they are illegal and undocumented on Myanmar side), however, majority of those on the other side of Myanmar may be recognized by relevant authorities of these countries (thus they are legal and documented on neighboring partner countries). Hence, the value of trades (i.e. undocumented on Myanmar side) can be estimated by subtracting the value (i.e. documented by Myanmar side) from that (documented by neighboring partner countries). Appropriate adjustment is made to reduce the gap between FOB and C&F values.

Figure 5.4: Undocumented trades on Myanmar



Source: Central Statistical Organization of Myanmar and UN Comtrade

According to the estimates, value of trades undocumented on Myanmar side (i.e. informal/ illegal on Myanmar side) had reached over US\$ 1 billion in 2006 and over US\$ 870 million in 2008. The gap between documented and undocumented trades on Myanmar side is mainly attributed to restrictive and ad-hoc trade policies imposed often by trade authorities of Myanmar before reforms took place. There also are other external factors such as investment and trade sanctions of the West before they were either cancelled or suspended (Aung, 2011, p.29).

Regression analyses also highlighted that although the gap between documented and undocumented exports from Myanmar was not significantly affected by the sanctions, the gap between documented and undocumented imports of Myanmar was significantly negatively affected especially by the 2003 U.S. trade sanction as it tends to get wider after the sanction was imposed. In other word, the sanctions (especially the U.S. trade sanctions imposed in 2003) had significantly strengthened informal/ illegal cross-border trades (especially imports) that are undocumented on Myanmar side²⁶ (Aung, 2011, p.30).

Undocumented cross-border exports are normally natural resources of Myanmar that include timber logs, precious minerals (such as jades, rubies and sapphires) and fisheries resources. Illegal loggings have been rampant around Myanmar-China and Myanmar-Thai border areas whereas precious minerals are normally smuggled into China and Thailand and marine products – caught by illegal fishing vessels in Myanmar sea waters – that are smuggled into Thailand have been common between Myanmar and its China and Thai neighbors.

In addition to natural resources, there are many other products that are smuggled from Myanmar into neighboring countries depending on market situation. One of the prominent examples is the rice exports from Myanmar to Thailand. The rice sector has been an important

²⁶ $\text{Log}(X_{\text{FOB},x}/I_{\text{CNF},y})_t = \alpha - \beta_1 D1_t - \beta_2 D2_t + \varepsilon_t$ ($R^2 = 0.18$) where Logarithmic of FOB export value of Myanmar divided by CNF import value of partner countries is set as dependent variable and the dummy variable 1 representing U.S. investment sanction in 1997 and the dummy variable 2 representing U.S. trade sanction in 2003 were set as independent variables; $\text{Log}(I_{\text{CNF},x}/X_{\text{FOB},y})_t = \alpha - \beta_1 D1_t - \beta_2 D2_t^{***} + \varepsilon_t$ ($R^2 = 0.80$) where Logarithmic of CNF import value of Myanmar divided by FOB export value of partner countries is set as dependent variable and the dummy variable 1 representing U.S. investment sanction in 1997 and the dummy variable 2 representing U.S. trade sanction in 2003 were set as independent variables.

sector for both internal and cross-border migrants. The cultivation and harvesting of rice farms in many places rely on seasonal internal migrant workers, who travel from one place to another place in groups and take contracts for transplanting or harvesting for a fee around Kyats 12,000-16,000 per acre. In addition, cross-border seasonal migration is also evident in many villages in Shan state going across the border to Thailand during the harvest time. As both internal and cross-border migrants are involved in rice production, they are also involved in rice smuggling across the borders as migrant workers or migrant brokers or traders.

Since the earliest days, Myanmar has been exporting local rice to Thailand through Myawaddy-Maesot border points in various illegal ways. Later, larger amounts of rice are brought from Yangon and Ayeyarwaddy delta area to this border. It is questionable why Thailand, the largest rice exporter in the region, has to import rice from Myanmar. There are two main reasons for importing rice from Myanmar, one of which is related to consumption of Myanmar migrants in Thailand and another is the re-export to other countries such as Malaysia.

In Myanmar, there are varieties of high quality rice such as Paw San Hmwe which is a medium grain type of rice and is consumed locally and long grain type of rice which is more sticky and is normally exported. Varieties of Myanmar rice for exports are poor in quality and cheap in price compared to Thai rice. Therefore, Thai businessmen prefer Myanmar rice for the consumption of their migrant workers most of whom are Myanmar, legally or illegally working in Thailand. As it is estimated that there are around 2 million Myanmar migrants in Thailand, most of whom are unskilled or semi-skilled workers, the consumption of Myanmar rice is very high. In addition, refugee camps for Myanmar people in Thailand also highly demanded Myanmar rice. It was found that even the broken rice from Myanmar was welcome for refugee camps for consumption, and also for feeding animals in Thailand. As for Thailand, only broken rice could be imported legally and other rice were banned for import.

Like Thailand, Malaysia businesses wanted to obtain cheaper rice for their migrant employees who were both Myanmar and other nationals. It was estimated that there were around 0.5-1 million Myanmar migrant workers in Malaysia and demand for cheaper rice (and low quality rice) from Myanmar was also high. As a result, a considerable amount of rice from Myanmar was smuggled into Thailand, some of which were re-exported legally into Malaysia

as Thai rice. Hence, the smuggling of rice from Myanmar is very much related to the consumption of Myanmar migrants and moreover, the Myanmar migrant brokers and traders, along with Thai brokers, were involved in every step of the smuggling process.

Rice exports through the legal channel were restricted on Myanmar side most of the time before the reforms took place. Even though the rice export was permitted sometimes, application for export license was not possible for most companies. In those days, only the specialized or special purpose companies – that provided credit assistance to farmers – were granted with export quotas. Some of them were actual rice traders, however, some were not. Those who were not actual rice exporters had to make a deal with actual exporters for the exports of rice on their behalf by using their export quotas.

Rice exports through illegal channels were much simpler compared to the legal channel. It was necessary to deliver rice to a designated gate in Yangon. These transport gates were connected to cease-fire groups, which were permitted to carry large amounts of rice to their cease-fire regions that were located at border areas. Transportation cost up to a cross-border gate (that was under the management of a cease fire group) was around Kyats 3,000 per 50-kg bag as of February 2010 during which the survey was conducted.

Passenger buses run by cease-fire groups also transported smaller quantities of rice. It costed about Kyats 2,500 per 50-kg bag. Although the transports by passenger buses were cheaper, it was more damageable due to loading and unloading. As a result, most smugglers chose safer but more expensive channel of transport by bigger trucks.

Major checkpoints in Myanmar on the way to Myawaddy include Mayanchaung (Moatpalin), Gyine Bridge Kawkareik and Myawaddy Trade Zone. Trucks run by cease-fire groups normally pass through these checkpoints without much restriction. However, sometimes, there might be a problem of strict inspection in the sector between Pa-an and Myawaddy. If this situation occurred, smuggled rice bags were stored in warehouses in Pa-an Highway compound.

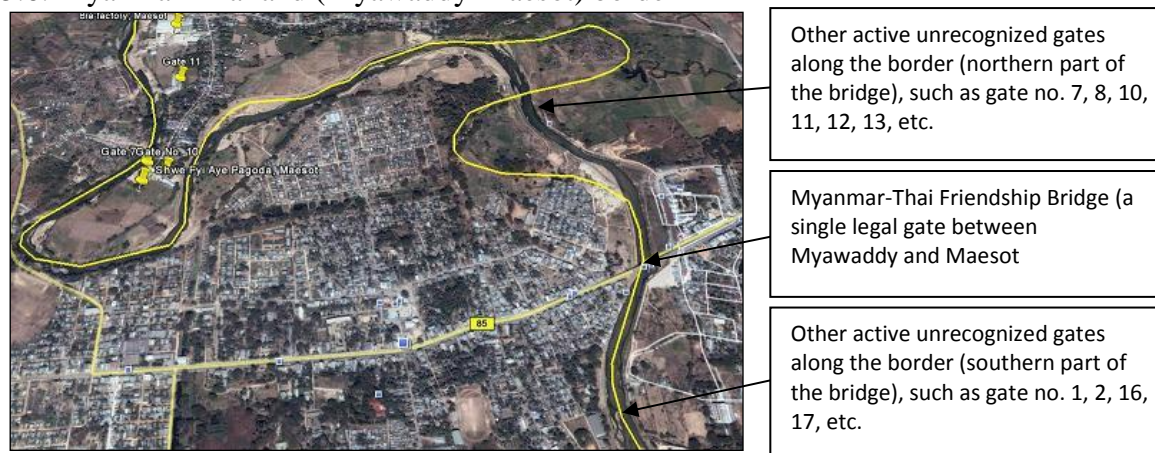
Figure 5.5: A warehouse in Pa-an where rice bags are temporarily stored



Source: Author's survey in Pa-an during 2009~11

In the smuggling procedure, transport agents took all the responsibilities for the transport of rice or any other products to a quasi-legal cross-border gate in Myawaddy. Regular clients (or regular smugglers) did not even have to make a full payment until the safe arrival of smuggled goods to the designated border gates. The goods flowing between Myanmar and Thailand through these gates were usually not documented on Myanmar side. However, they might be documented on Thai side. In the case of rice, especially in February 2010 during which the survey was conducted, smugglings of rice from Myanmar to Thailand were conducted during nights and were undocumented on both Myanmar and Thai side.

Figure 5.6: Myanmar-Thailand (Myawaddy-Maesot) border



Source: Author's survey in Myanmar (Myanmar) and Maesot (Thailand) during 2009~11

At the informal gates along the border (that were under the control of a cease-fire group), concrete infrastructures were in place although goods had to be transported by boats across the small Thaung Yin river (which separates between Myanmar and Thailand in Myawaddy). Traders/ smugglers could transport their rice bags across these gates. Storage and ferry charges were around Kyats 300 per 50-kg bag. In those days, Thai integrated group including customs, police and military forces strictly tightened rice smugglings so that smugglers normally used night times. If there was no green light to carry the rice to the Maesot, warehouses at the gates on Myanmar side or at the riverbank on Thai side were used for temporary storage. Sometimes, it was still possible to transport these smuggled rice into Thailand through tight restrictions by paying additional fee (that was around Baht 65 per 50-kg bag). This fee was paid to Thai carrier agents who had connection of their own with Thai checkpoint authorities and took the responsibility for the transport of smuggled rice up to the Thai buyers' warehouses. During the survey period, the majority of brokers on Thai side who were interviewed were found to be fluent Thai speaking Myanmar migrants, some of whom had already become Thai citizens by marriage.

Figure 5.7: Warehouse and concrete ferry dock at gate number 12 along the Thai-Myanmar border



Source: Author's survey in Myawaddy (Myanmar) and Maesot (Thailand) during 2009~11

Figure 5.8: Loading of smuggled rice on a small ferry at gate number 12 in the day time. Loadings on large ferries are performed at night



Source: Author's survey in Myawaddy (Myanmar) and Maesot (Thailand) during 2009~11

At the Myanmar-Thai border, there are many quasi-legal border gates between Myawaddy and Maesot along the river and they are not located in serial number, such as 1, 2, 3. For instance, gate number 7 is located between gate number 8 and 10. Opposite gates of both Myanmar and Thai sides are also not always the same numbers. For example, gate 13 on Myanmar side is the opposite of gate 11 on Thai side. In order to cross Thaung Yin river (that separates Myawaddy and Maesot), gate 11, 12 and 13 (on Thai side) are more appropriate than others because they are far enough from Friendship Bridge (the legal checkpoint) and convenient for sellers and buyers. Among them, grate number 12 seemed to be preferred by most rice smugglers because this gate was mostly used for one-way move (from Myanmar to Thailand) for the transport of various agricultural products. Gate number 11 and 13 had two ways of goods flows (i.e. both Myanmar to Thailand and Thailand to Myanmar). Through these 11 and 13 gates, vehicles, TVs and electronic products were smuggled from Thailand to Myanmar and agricultural products were smuggled from Myanmar to Thailand. Although the operators of these gates were Thai, there are many Myanmar migrant workers working for them so that dealing with both Thai and Myanmar businessmen was not a problem.

Figure 5.9: Gate number 11 through which vehicles are smuggled from Thailand to Myanmar



Source: Author's survey in Myawaddy (Myanmar) and Maesot (Thailand) during 2009~11

Thai market heavily demanded especially Zera type of rice (Emahta group) from Myanmar. The required grade was normally grade 1, 2 and 3 (i.e. extra well milled, well milled and reasonably well milled rice). The price (CNF to buyer's warehouse on Thai side) of Zera grade 1 was Baht 14.6 per kg and Baht 13.2 and 12.5 per kg for grade 2 and 3 respectively.

Similarly, Myanmar's broken rice (i.e. half or one-third broken) also had a huge market in Thailand. These broken rice could legally be imported by Thai traders. The price of broken rice (standard) at the river bank on Thai side was around Baht 10 per kg. Second preference of Thai market is Manaw Thukha (special), which is also a long-grain type of rice in the Emahta group. Thai market welcomed any quantity of Zera, broken rice and Manaw Thukha types of rice.

Paw San Hmwe, which is considered as the best quality and most preferred type of rice in Myanmar, had very little demand in Thailand probably because it is a medium grain type. It normally took at least 2 weeks to sell 400 50-kg bags of Paw San Hmwe. The price of Paw San Hmwe was maximum Baht 15 per kg. Rice other than Zeyar were normally demanded only by smaller retailers. These rice were transported from Myawaddy to Maesot through gate number 1 and 2, both of which were used by individual travelers, vendors and small traders.

Payments were normally based on weight but not on the number of bags or tins or baskets as per Myanmar's standard measurement. After the confirmation of exact weight, all payable amounts were settled either in cash (in Baht) or cheque. Retailers in Maesot bazaar also bought Myanmar rice. These retailers bought any rice from Myanmar as long as the price was around Baht 20 (per 50-kg bag) which is lower than their retail selling price.

How much was the flow of rice smuggling from Myanmar to Thailand could not be easily estimated as it was the human flows across these borders. Depending on demand on Thai side and tightened or relaxed restrictions, the flow of rice varied from 500 to 10,000 bags per day (i.e. 11 to 227 metric tons per day). It was roughly estimated that the flow of smuggled rice from Myanmar to Thailand might range from 200 to 6,500 metric tons per month depending on market situation.

The smuggling of rice was a profitable business, hence, many Myanmar migrants were involved. Costs and profits from the smuggling of rice to Thailand (starting from the purchase of Zera rice at the Bayint Naung wholesales center to the transportation and sales in Thailand) could be estimated as follows.

Table 5.1: Estimated costs and profits of smugglers

Description	Good scenario (MYK)	Not very good scenario (MYK)
Purchase price of Zera 1 bag (i.e. 1.5 basket or 24 pyi or 48 kg) in Bayint Naung wholesales center in Yangon	15,000	15,000
Transportation cost to Myawaddy (including clearance fees and all other unofficial charges)	3,000	3,000
Storage and river crossing	300	300
Transportation to buyer's warehouse in Maesot (including unofficial clearance fees of Baht 65)	50	2000
Estimated loss of 2 percent	0	320
Total cost per bag	18,350	20,620
Sales price of 1 bag (48 kg)	21,020	21,020
Profit per bag	2,670	400
Profit percentage	15%	2%

Source: Author's survey in Dry Zone and Ayeyarwaddy Division during 2009-11

It could be estimated that the profit percentage, which a smuggler earned could vary from 2 to 15 percent depending on border situation. If the border situation (especially on Thai side) was relaxed, a smuggler could earn up to Kyats 2,670 profit per 1 bag of Zera. As it was much more convenient to smuggle rice through this channel, some exporters had been using this channel under the name of their workers or trusted people so that authorities would not be able to trace their addresses or actual exporters behind the scene.

As of 2014, the sales price of one 50 kg bag at the border was increased to around Kyats 25,000 whereas the price in Thailand could reach about Thai Baht 1,600 (i.e. around Kyats 46,000 per 50 kg). The “rice-pledging scheme”, which is the populist policy of the Thai government was estimated to cost about US\$ 20 billion, which prompted the IMF to warn that the scheme was undermining the Thai economy (Eimer, 2014). The scheme was found to have resulted in huge gains for rice smugglers. Boats loaded with what the smugglers described as “chicken feed” traveled daily across the Thaung Yin river from Myawaddy to Maesot. As the rice smuggling has been active, Myanmar workers, who used to earn around Kyats 3,000-4,000 per day are now smuggling the rice by themselves and earning around Kyats 90,000 per day.

The rice smuggling has been quite a profitable business for smugglers. However, as per various reforms in the trade sector leading to more liberalization, measures are being taken to mitigate smuggling activities. The import or export licensing system was cancelled for many items so that lengthy procedure related to licensing has been eliminated for these items. In addition, automatic licensing system is introduced for some products further reducing the bureaucratic procedures. In order to speed up cargo clearance as a part of the plan for trade facilitation, Myanmar Automated Cargo and Port Consolidated System (MACCS system), which is the online customs system, is being developed and is expected to be operational in 2016. At the same time the National Single Window System is also being developed to get integrated with the ASEAN Single Window System when the time comes.

Due to previous history of trade imbalances, Myanmar adopted an “export first” policy in 1997 while imposing strict limits on imports. This policy resulted in a positive balance of trade for a prolonged period of time although imports have been rising faster in recent years due to increased imports of capital goods, industrial machinery, and consumer durables. When the

reforms started, Myanmar had liberalized the importation of vehicles, particularly of low fuel use and newer model vehicles and passenger buses, in order to ease the burden of the high cost of transportation in major urban centers. Due to these reforms, both the trade and current account deficits have started to widen. However, the easing of economic sanctions imposed on Myanmar by some Western countries provided sufficient market access for exporters to compensate for potential trade imbalances arising from liberalization measures. Presently, Myanmar's export structure is heavily focused on a few primary commodities – natural resources, notably gas and wood, along with agricultural and marine products. Hence, Myanmar has started to pursue an active policy of encouraging the diversification of export products while promoting value-added processes for primary commodities, including focusing on improving support services in areas of trade financing, market access and trade facilitation. In this regard, incoming FDI will help domestic industries to overcome technological, financial and market barriers in upgrading their value-added activities. Myanmar is pursuing further trade policy liberalization in conjunction with the progress of exchange rate unification by eliminating the linkage between export receipts and import licensing; and thereby, limiting potential effects from increased FDI and remittances on the domestic currency's appreciation (MNPED, 2013, p.3).

These reforms in the trade sector favoring liberalization and reducing lengthy bureaucratic licensing procedures have positive impacts not only on border trades but also on internal and cross-border migrants at the borders. The livelihoods of many people in the border community including the internal as well as cross-border migrants have been depending on the border trades. Whether it is legal or illegal, active trades at the borders have positive impacts on their livelihoods. The surveys among 182 households at Myawaddy-Maesot (Myanmar-Thai border) and Muse-Ruili (Myanmar-China border) had revealed that majority of respondents (87.9 percent) in the border community believed that border trade development resulting in increased trades (i.e. both documented and undocumented) had tremendously improved their households' business activities and income levels. Hence, most respondents (95.1 percent) perceived that these developments had improved their standard of living. Although there are positive impacts of the border trades, there also are negative consequences. Most respondents (72 percent) perceived that level of crimes had risen and a majority (80.8 percent) shared the

view that infrastructural developments at border areas (as part of border trade developments) could lead to a deforestation problem. The surveys revealed that the role of border trades was perceived by local households as positive due to increased business and job opportunities, increased level of income and increased livelihood status. However, lack of effective reforms in trade sector in the past, lengthy bureaucratic licensing system, ad-hoc policies on trade restrictions had led to increased informal activities in businesses and trades. Surveys also revealed that majority of people at the borders engaged in various forms of formal as well and informal trades were found to be internal migrants. The local people around the borders were not fully engaged in border trades as their traditional livelihood is farming which they prefer to continue. These internal migrants have been engaging in border trades either individually or by forming private companies. During the survey, different types, sizes, and origins of border trading businesses were selected through the random sampling method. Businesses were categorized into two types (i.e. businesses operating as registered companies and those operating without having registered as a company) whereas sizes of businesses were categorized into three (i.e. small, medium, and large, based on their turnover). Furthermore, the origins of the businesses were categorized into four (i.e. companies from Yangon, from Mandalay, from around the nearby areas, and from other areas). It was found that most border trade businesses in the survey areas were medium sized businesses, operated mostly by various business groups. Most businessmen or traders were either from around the borders or from Yangon. It was found that 48.1 percent of businesses came from Yangon, 3.7 percent from Mandalay and 3.7 percent from other cities. The majority of shops around the border were run by internal migrants migrated to the border area 5-10 years ago. Most businesses (i.e. 63 percent of the sample) were involved primarily in importation of electronic products, construction materials, and agriculture-related products, whereas around 37 percent of business groups in the sample were involved primarily in exportation of fishery and agricultural products. The multivariate multinomial logistic regression with “effect of border trades on the level of income” as the dependent variable and “the gender, and age of respondents” as independent variables, revealed that border trade activities had a more positive effect on income levels amongst men than those of women. In terms of age, the chances of younger respondents having a higher income level were over four

times higher than that of older respondents. The chances of middle-aged respondents having a higher income were 1.7 times higher. For average effect on income, the chances of younger respondents were also higher than that of older ones. As a result, the border trades had a better effect on the income of most “male” respondents in the “younger” category. However, levels of statistical significance were low (Aung, 2011, p.46; Aung, 2010, p.99).

The reforms in the trade sector towards more liberalization are leading to increased international trades as well as border trades, which in turn have impacts positively on the livelihoods of the border communities that mainly constitute not only local people who originally lived at the borders but also internal as well as cross-border migrants around the borders. The increased border trades also had led to increased mobility of cross-border migrants that include seasonal as well as one-day migrants. The increased border trades had led to economic and social developments in border towns which is even faster on the side of more developed neighbors. Hence, at the Myawaddy-Maesot and Tachilak-Maesai (i.e. Myanmar-Thai borders), the developments in terms of construction of hotels, motels, houses and warehouses had attracted many one-day migrants who traveled across the border in the morning for work and return in the evening. These one-day migrant workers normally use illegal cross-border points as the border crossing fee is quite significant compared to their daily wages. The border authorities know very well about these illegal border-crossing points; however, they tend not to assert strict enforcement, as it would negatively affect the livelihood of low-waged workers. Sometimes, these crossing points are left open as small loopholes for some petty trades between the two border towns.

As a result of the reforms, more and more illegal brokers are becoming legal agents for border trades. The cost of *upper channel*, which is a jargon used by border traders for formal trades, are becoming lower than that of *lower channel*, which represents informal trades. In addition, as a result of increased border trades, more and more Myanmar migrants are getting involved as *purchasers*, who purchase the products in the host countries on contract basis. The majority of smaller traders normally rely on these *purchasers*. These traders place orders with these *purchasers* for the purchase of products that they plan to import into Myanmar. These *purchasers* usually are not only responsible for the purchase of products but also the transport

of these products either through the *lower channel* or *upper channel* depending on the level of restrictive trade policies (Aung, 2009, p.31). They normally charge around 1-2 percent of the product value.

These *purchasers* are normally Myanmar migrants who have the knowledge about the market situation in the host countries where the products are to be purchased and majority of them even speak the language of that country. Some *purchasers* are even found to make their own investment in those products that they are ordered to purchase. Under this system, a trader does not need to pay for those products in advance as the *purchaser* purchases the products with his own money and transports them to the designated warehouse in a city. As the border trade policies got relaxed, orders were increased requiring more migrants with the knowledge of the market who also speak the language to act as *purchasers*.

However, there still are many challenges. Most challenges are related to sequencing problems. The reform process in the trade sector is in a gradual pace. Although the licensing process is waived for many products, some products imported through borders are still out of that list. As a result, the informal channels of trades still play an important role at the borders. While the bureaucratic procedures are still not yet effectively shortened and while the trade sector is not yet liberalized to a great extent, strict enforcement on deterring informal trades or smuggling is applied through mobile teams that go around and take harsh legal actions on smugglings. This is partly due to the pressure of local private businesses that include formal importers and manufacturers complaining that they could not compete with products smuggled through the borders without having the tax paid.

Normally, the relaxation of trade restrictions would automatically convert informal trades into formal ones. However, crushing on informal trades before it is fully converted into formal trades due to partial relaxation of trade restrictions had brought up consequences on price stability of imported goods. Since there are many people ranging from brokers to purchasers, transporters, informal money changers, who have been relying on informal trades, harsh legal actions against these informal trades before adequately relaxing border trade restrictions, might have adverse effect on these people.

Since the majority of goods smuggled are ordinary consumable goods, most people at the borders perceive that it is socially acceptable or licit to participate in such act of smuggling although it may be illegal. The smuggled products are considered illegal as they are imported or exported without proper licenses. These products include Thai-made energy drinks and monosodium glutamate seasoning powder that are banned for import, sale and consumption on Myanmar side as these products are believed to contain undesirable chemicals injurious to the health of consumers. Some are assorted ordinary consumable products imported from China or Thailand by some supermarkets in Myanmar and are smuggled across the borders because the licensing process of many supermarket products is quite lengthy and cumbersome. Although the act of import of these products are considered illegal, many people who are involved in the process do not consider it as illicit. As a result, these smuggled products can widely be found on the shelves of most shops, from small kiosks to bigger supermarkets, in Myanmar. Concerning exports, licenses to export various products can be granted only with the approval of relevant ministries. Export of some products, such as rice, onions, chilies, pulses, etc., is prohibited from time to time depending on domestic market conditions. These items are smuggled out of Myanmar through various border points that are not recognized by Myanmar trade authorities but are legal on the side of the neighboring partner countries. Likewise, export of minerals and natural resource products such as rubies, sapphires, jades and teak that can freely be traded inside Myanmar is prohibited and illegal. However, after the arrival at a partner neighboring country, they are openly sold as Myanmar's products. As a result, although the act of border trades of many products are considered illegal, they are considered licit or socially legitimate. That might be a reason why the act of trades that are considered smuggling are not considered the same way by the majority of people who participate in such acts (Abraham & Schendel, 2005, p.4).

Once the current restrictions on trades are relaxed and lengthy licensing process is waived on many products, smugglings or informal trades would turn out more to be formal trades and would enormously benefit all those people including internal and cross-border migrants, who participate in the process of trade across the borders. In addition, development of trade finance program, automatic licensing, national and ASEAN single windows system that include online customs system, all of which are underway, and ASEAN Economic Community

would get both international and border trades of Myanmar enormously active and increased. Some borders such as Htee Khee, connecting Dawei SEZ of Myanmar in the West and Kanchanaburi of Thailand in the East, Phayar Thonesu or Three Pagodapass connecting Mawlamyaing of Myanmar in the Northeast, would be much more active. As per the evidence in other borders, enormous flows of internal migrants would flock to these areas and increased border trades would get them benefited.

Htee Khee border zone connecting to Htee Khee border crossing is being planned for development with a main purpose to open up employment opportunities for local Karen ethnic people. As per the evidence in some borders, internal migrants got more opportunities while the local ethnics, who have been originally living at the borders, got less opportunity for the benefit due to lesser incentives for them to change their traditional livelihood. Hence, it is important that both local ethnic people, internal as well as cross-border Myanmar migrants, could equitably share the benefits of development from the border zone and border trades. In the distant future, Myawaddy-Maesot border connecting the Mawlamyine and the Indian Ocean in the West to the Pacific Ocean in the East through GMS East West Economic Corridor, and Htee Khee border connecting the Dawei SEZ and the Indian Ocean in the West to the Pacific Ocean in the East through the GMS Southern Economic Corridors would be major border crossings between Myanmar and Thailand and would also open up a lot of opportunities for the migrants in the region.

In the case of Myanmar-China border, Muse-Ruili could be an active border crossing, as the highway road and railway are being planned along the pipelines connecting the Kyauk Phyu and Bay of Bengal in the West to Kunming of China in the Northeast going across the area around this border (Nuchpam, Than, Trichot, Tantrakunsab & Denkesineelam, 2010, p.81).

Figure 5.10: Oil and gas pipelines through Myanmar to China



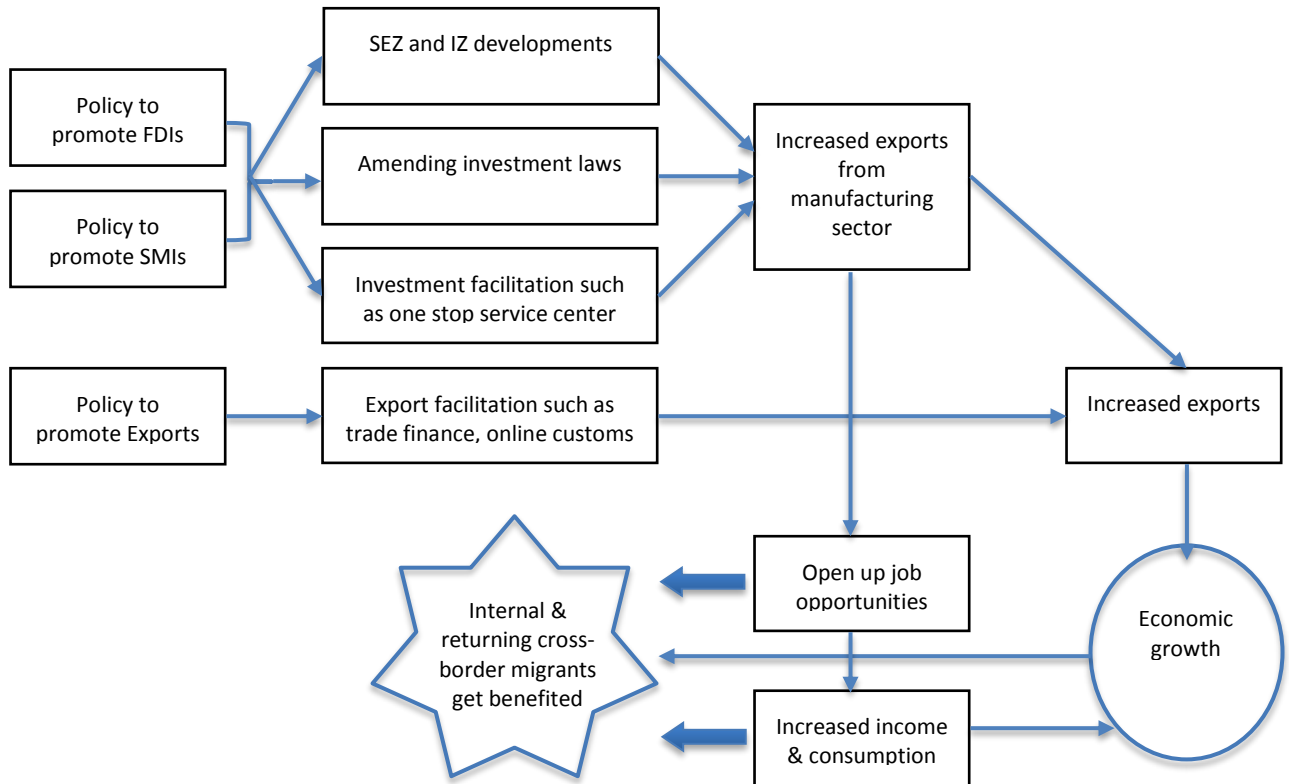
Source: www.shwe.org

The exports of natural gas from the Shwe gas field and transshipment of oil from the Middle East, the SEZ in Kyaukphyu, manufacturing, logistics and trader center around Muse would get both local and internal migrants benefited although the net benefits of the construction of pipelines and of future construction of highway road and railways are still controversial due to the result of possible mass relocation along the pipelines. Although the natural gas sales are not directly contributing to local people and migrants, it plays an important role for Myanmar’s economic development to some extent. The natural gas exports in 2012-13 alone accounted for around 41 percent of the total value of exports. It is mainly the sales of natural gas from the Yadana and Yedagun off-shore gas fields in the Andaman Sea in the West to Thailand. The natural gas sales from Shwe off-shore gas field in the Bay of Bengal in the West to China would further increase the total value of exports from Myanmar. However, it is planned that natural gas extracted from new off-shore gas fields would be reserved for domestic use, especially for electricity generation as the domestic demand for electricity had exponentially increased.

Due to the reforms to promote domestic Micro, Small and Medium sized Enterprises/Industries, and to promote foreign direct investments, it is estimated that the exports

of products from the manufacturing sector would secure increasing shares in the total exports (MNPED, 2013, p.26). The rise in manufacturing sector would positively accommodate both internal migrants and returning Myanmar migrants from abroad.

Figure 5.11: How the reform policies in trade & investment would benefit migrants



Source: Author's surveys during 2008~11

As the above figure depicts, reform policies to promote investments by amending the investment related laws that mainly include Foreign Investment Law, Myanmar Citizens Investment Law, SME Promotion Law and SEZ Law and creating investment facilitation by developing the Special Economic Zones, Industrial Zones, and establishing one-stop-service-centers would tremendously increase production in the manufacturing sector that would cater for both domestic consumption and exports. Booming manufacturing sector would create jobs for many people. These job opportunities would still be concentrated in some areas in Myanmar due to the fact that transportation network across the whole country cannot immediately be

developed in a short term. This would attract a lot of internal migrants from various parts of the country. These opportunities especially the semi-skilled, skilled and professional job positions would also be taken up by returning cross-border Myanmar migrants. This would in the long run lead to increased income, which would in turn result in increased level of consumption contributing to some extent to the economic growth as a whole.

On the other hand, reform policies to promote trades by liberalizing imports, developing trade finance program, developing online customs system, would increase total exports. As a result, the percentage of exports from the manufacturing sector in the total export would rise. The increased level of export would also contribute towards economic growth.

Hence, the reform policies on trade and investment could largely be benefited by Myanmar citizens who largely include internal migrants and returning cross-border Myanmar migrants and would eventually lead to increased production, increased exports, increased income, increased consumption and the economic growth as a whole.

Implications of policies for migrants and their left-behind families

Despite successful policies for reforms in the financial sector and trade sector, there are many incidences of policy failures, mis-interpretation, and undesirable side-effects. Current and the past policies in these sectors have mixed results as some of them were successful and some have failed despite their good intentions. For instance, in the financial sector, although intention of the policy (that liberalizes micro-finance industry to increase access to credits for those who cannot borrow from banks due to lack of collaterals) could bear fruits, many people in rural areas including migrants' left-behind families got into more troubles, for they used up the funds borrowed from micro-finance institutions for their personal purposes and ended up borrowing much more expensive loans from the informal market to repay cheaper loans to microfinance institutions resulting in undesirable replacement of cheaper loans with more expensive ones. As a result, better access to cheaper credits from micro-finance institutions has made them more indebted with expensive credits. These policy failures evident in some places are the results of the lack of proper monitoring system and lack of proper experience of lending institutions that are acting more as micro-credit institutions rather than as micro-finance institutions. As a result,

increased indebtedness of migrants' left-behind families in many rural home communities has led them to be more dependent on remittances and become more vulnerable.

Due to the lack of proper controls in the banking and financial markets, informal capital flows are rampant having various effects on the exchange rate. Whenever the exchange rate fluctuates or moves to the unfavorable direction, authorities have a common policy practice of crushing informal money brokers including *hundi* brokers. Although the intention of these policy practices to stabilize the exchange rate fluctuation is understandable, they normally failed to address the real problem. As a result, remittance flows from migrants to their families are often disrupted during the implementation of such policy practices, meaning that migrants' left-behind families who are becoming more dependent on such remittances have become more vulnerable.

Financial authorities frequently issue various policies to discourage practices that could lead to dollarization. Although dollarization in terms of “deposit dollarization” and “payment dollarization” is not significantly evident in Myanmar, many people have a habit of holding US dollars as “assets substitution” to some extent. As a result, many migrants who are semi-skilled, skilled or professionals would like to send remittances through banks, which can allow their families withdraw in US dollars. However, the policy that restricts withdrawals of foreign currency from banks has discouraged migrants for using banks because it takes longer time for their families to withdraw from the banks and also because they receive only smaller dollar notes (exchange rate of which is much lower). If they decide to sell foreign currency remittances to banks (without withdrawing in dollars), they receive lesser amount of money due to banks' wider exchange rate spread. As a result, migrants have no choice but to continue using various means of informal cross-border money transfer system despite the risks attached to them as these informal system has no withdrawal restriction and the spread is narrower. It is an example of undesirable side effects of a well-intended policy.

In addition, policies that cap the lending rates of banks and micro-finance institutions have led to credit crunches in many places so that migrants and their families in the places at the introductory stage of migration lifecycle have to seek expensive credits from the informal market. Although the intention of the policies placing caps on lending rates is to make cheaper

credits available for people, it has become more accessible to those having better living condition, connections and more collaterals whereas these cheaper credits in reality are denied for those who are really in need. As a result, migrants' left-behind families in many rural home communities are becoming more indebted and exposed more to external shocks. Likewise, the cost of migrations (which is a factor that can negatively affect migration as elaborated in the *Chapter 2 and 3*) that are normally funded by expensive informal loans have increased having more negative impacts on migration.

In the case of trade sector, there are more policy failures mainly due to sequential problems. Informal trades across the borders in various forms have developed due to inconvenience and high costs related to legal trades. Policy on mobile team attempting to crush informal trades have failed because the sequence or step to crush informal trades was started before the sequence or step to legalize them or to make legal trades more convenient and affordable. As a result, many internal migrants who have been relying on informal trade transactions at the borders are negatively affected. The policy option should have given more priority on legalizing them before crushing their daily activities that may be illegal but are considered by them as socially legitimate.

Some policies on trade payments such as “post TT” (i.e. allowing the payment for imports through telex transfers only after the goods arrival) have failed and promoted informal *hundi* system, which discourages or drives away formal cross-border fund transfer system through banks. Although the intention of this policy, which is to protect Myanmar importers, is understandable, the policy is not realistic and imposes unacceptable risks to foreign suppliers, meaning that Myanmar importers have no choice but to make payments illegally to foreign suppliers via their shell companies in Singapore encouraging informal money transfer system. Big volumes of cross-border informal financial transactions have dwarfed formal transactions through banks. As a result, efficient and secured formal fund transfers through banks has not developed enough and Myanmar migrants in many host countries still have to rely on various means of informal fund transfers and some of them have suffered huge losses.

More examples on how mis-interpretations of laws and regulations have led to undesirable outcomes and how good-intended policies (that are migration related as well as non-

migration related) can create negative side effects on migrants and their families, are elaborated more in the *Chapter 9*.

Chapter 6

Implications of Policies related to Rural Development for Migration

In *Chapter 5*, reform policies in financial and trade sectors that should be coordinated with migration policy and other wider development policies were elaborated. Furthermore, implications of these policies on migration, migrants and their families, how reform policies in investment and trade sectors could benefit migration, and how some of these policies did not turn out to be effective despite their good intentions, and how these policies unintentionally had encouraged informal practices and underground economy to expand were highlighted.

In *Chapter 6*, reform policies related to agricultural and rural development as a part of holistic policies that need to be coordinated to collectively contribute towards the economy as a whole and to create a favorable or enabling environment in which migration can be linked to the socio-economic development are elaborated. Furthermore, it is further discussed in this chapter that policy makers tend to focus more on quick fixes to achieve quick results that are often not sustainable and on quick wins that do not sustain without materializing necessary structural changes, meaning that implications of some of these policies on migration, migrants and their families are becoming undesirable. In summary, this chapter highlights the fact that rural development is not as simple as it is considered.

Rural development is not as simple and straightforward as it was thought in the past, as it requires comprehensive and multidimensional policy reforms. Many policies on rural development in the past had either failed or not come out effectively as expected. Policy reforms in this area is very important because the negative impacts of migration (as analyzed in the *Chapter 3*) on migrants and their left-behind families in the home communities at the introductory stage of migration lifecycle could be mitigated once these communities have developed in every aspects, alternative livelihood options and employment opportunities have opened up, access to finance has become easier, farming has become more productive, education and healthcare systems have improved, necessary infrastructures have developed and connectivities with urban markets are established.

Hence, one of the major reforms, which is considerably more complicated, multifaceted, and long term in nature, is rural development and poverty reduction, which the new government of Myanmar started focusing on as soon as it took office in 2011. One of the main problems that most developing countries face while experiencing economic growth is inequity, which is the divide between the haves and the have-nots or between the rural and urban development levels. In order to prevent or mitigate this problem, plans are being laid down for rural development with an aim of narrowing this development gap (MNPED, 2013, p.11).

The widening gap between the rural and urban development levels happens to be one of the main causes of internal migration. While this gap tends to get widened as the economy grows, the problem becomes even bigger when the urban development level is not yet ready to accommodate the increasing number of internal migrants. Various policies are being developed and measures are being taken in many countries for rural development and for the fight against poverty; however, significant results have never been achieved in the short term. Some policies that focus mainly on rural development by providing credits, subsidies, etc., are costly and could help in the short term; however, such developments could not be sustain unless effective hard and soft connectivities are established to fix the rural-urban divide and to provide the rural areas with better access to urban markets. These connectivities would largely facilitate internal migration, which is inevitable. Hence, it is still necessary to concentrate on urban development in order to accommodate the internal migrants, especially in terms of employment as an important source of income for them to sustain their livelihoods. Hence, a single focus on rural development and poverty reduction while ignoring the other side of equation, which is urban development and the connectivities between the two sides would not reach sustained development.

If urban development is not yet ready, internal migration tends to become cross-border migration; however, in the case of Myanmar, the story is a bit different in such a way that internal and cross-border migration can happen in parallel, from the same rural community, and internal migrants are not necessarily migrating to urban cities. In a rural community, cross-border migration depends on access to information, access to networks and access to credits that could be considered important facilitating push factors, without which cross-border migration can

quite difficult. (However, as per the surveys conducted in Ban Teud Thai village in Thailand, it was learnt that there were exceptions in some places where extremely poor and destitute migrants crossing borders was evident). Those people, who do not have easy access to these facilitating push factors for cross-border migration, may choose internal migration, which also depends on access to relevant information and networks. There is an enormous number of internal migrants who have travelled to many places, following their friends or relatives. Some of them work for restaurants, and for teashops or for motor vehicle repairing centers where their friends or relatives have been working. Some travel to other rural places where employment can easily be secured. The example of which is the internal migration of people from the dry zone in the middle part of the country to the Mon state, the southern part, where employment in rubber plantations or farming can easily be secured at a wage higher than that in their hometown. Hence, one of the main purposes of internal migration in Myanmar is to secure employment or new alternative livelihood options that they can have in a new place.

The reforms for rural development in Myanmar would not stop internal migration. As in the case of cross-border migration, internal migration is not stoppable, as it will still continue regardless of rural-oriented development policies. As the majority of Myanmar's rural population depends on the agricultural sector, it was wrongly believed in the past that the agricultural sector development (which is mainly rice farming as rice is the staple food for the whole country) would effectively achieve rural development and poverty reduction. Actually, the issues in the agricultural sector alone are multidimensional. Some people think that the lack of credits that discourages farmers from using effective agricultural inputs is the main problem. However, the actual problems are not that simple. The issues exist in each and every process and steps of the whole value chain. Without addressing these issues in each step in a proper sequence, they will still remain. Due to these issues, the rice sector alone has been experiencing at least a 35 percent loss during the pre-harvest and post-harvest process. The loss has nothing to do with the availability of credits and/or other agricultural inputs such as fertilizers or pesticides.

The livelihood of farmers cannot be bettered by just providing them with credits or agricultural inputs. Their livelihood in rural areas is also connected to the whole supply chain

up to the international markets. If international demand was low, resulting in prices declining, everybody involved in the whole supply chain would suffer. It is further believed that if everybody suffers, the impact on farmers and contracted workers at the lowest end of the supply chain would be affected the most. This is true to some extent, especially for smallholder farmers whose investment in farming is small so that their profit is also small. The shrink in their small profits due to some shocks would make them vulnerable. These smallholder farmers or landless laborers are prone for internal or cross-border migration when an economic, or social or environmental shock occurs.

In the case of farmers having medium or large sized farms, the story may be different. Farming, at the lowest end of the supply chain, actually could secure a profit margin much higher than other businesses at the highest end of the supply chain. Among the farming that is widely seen in Myanmar, farming of beans and pulses requires bigger investments that could secure higher profits. Rice farming could be a candidate for presenting as an example, because the amount of investment and returns are quite reasonable. The costs for a rice farmer, the returns and profit margins under the minimum and maximum costs scenarios could be depicted as follows;

Table 6.1: A farmer's costs per acre²⁷

	Minimum cost	Maximum cost
Cost of seed	4,000	6,000
Cost of fertilizer	10,000	25,000
Cost of contract labour (hired labour costs inclusive of all steps)	32,000	48,000
Cost of seasonal labour	12,000	16,000
Cost of land (certificates etc.)	500	3,000
Cost of credit (assuming to borrow K100,000 per acre at interest rate at Delta at 5-10% per month)	5,000	10,000
Cost of fuel and machinery hire (animal option not included)	7,000	15,000
Total costs per acre	70,500	123,000

Source: Author's surveys in Dry Zone and Ayeyarwaddy Division during 2010~13

²⁷ The data in the table were collected during a survey conducted by Winston Set Aung in 2010-11 for LIFT multi-donor fund.

Table 6.2: Prices and Margins for Farmers, assuming Maximum Costs

	Maximum Price	Minimum Price
Price received at the farm gate per basket	5,800	4,000
Total revenue per acre assuming acre yield 40 baskets	232,000	160,000
Less costs assuming maximum costs per acre	123,000	123,000
Margin per acre made by the Farmer	109,000	37,000
Margin percentage	89%	30%

Source: Author's surveys in Dry Zone and Ayeyarwaddy Division during 2008~13

Table 6.3: Prices and Margins for Farmers, assuming Minimum Costs

	Maximum Price	Minimum Price
Price received at the farm gate per basket	5,800	4,000
Total revenue per acre assuming acre yield 40 baskets	232,000	160,000
Less costs assuming minimum costs per acre	70,500	70,500
Margin per acre made by the Farmer	161,500	89,500
Margin percentage	229%	127%

Source: Author's surveys in Dry Zone and Ayeyarwaddy Division during 2010~13

Although the maximum acreage yield for farming of a Baygyarlay paddy (that produces Paw San Hmwe rice) could be around 55-65 baskets, in the above table of calculation, a conservative approach is adopted by estimating the acreage yield at only 40 baskets. Even with a conservative approach, the profit margin a farmer can attain from farming one acre could be 127-229 percent under the minimum cost scenario and 30-89 percent under the maximum cost scenario. However, the profit margins of the millers and exporters at the upper end of the supply chain are surprisingly lower than that of the farmers. The costs, returns and profit margins of millers and exporters could be depicted in the following tables.

Table 6.4: Milling outputs

	RWM		WM		EWM	
	Min output (lbs)	Max output (lbs)	Min output (lbs)	Max output (lbs)	Min output (lbs)	Max output (lbs)
Purchased paddy	5000	5000	5000	5000	5000	5000
Dust	-100	-125	-100	-125	-100	-125
Husk	-1200	-1250	-1200	-1250	-1200	-1250

	RWM		WM		EWM	
	Min output (lbs)	Max output (lbs)	Min output (lbs)	Max output (lbs)	Min output (lbs)	Max output (lbs)
5x6 broken rice	-30	-30	-30	-30	-30	-30
Brown rice	3670	3595	3670	3595	3670	3595
Bran	-360	-405	-450	-495	-495	-540
Broken (2, 3, 4)	-216	-432	-216	-432	-216	-432
Big broken (1, 2)	-	-	-216	-360	-216	-360
Extra broken (salat kyoe)	-	-	-	-	-216	-360
	Max remaining (lbs)	Min remaining (lbs)	Max remaining (lbs)	Min remaining (lbs)	Max remaining (lbs)	Min remaining (lbs)
Remaining rice after milling	3094	2758	2788	2308	2527	1903
% of remaining rice after milling	62%	55%	56%	46%	51%	38%

Source: Author's surveys in Dry Zone and Ayeyarwaddy Division during 2010~13

Table 6.5: Profit for millers

Descriptions	RWM	
	Min	Max
Paddy required to have 1 ton of rice output	3562.72	3996.76
Bran output (from milling)	256.52	323.74
Broken (2, 3, 4) output (from milling)	153.91	345.32
Big broken (1, 2) output	-	-
Extra broken (salat kyoe) out put	-	-
Bran price	60	70
Broken (2, 3, 4) price	80	90
Big broken (1, 2) price (only for WM process)	-	-
Extra broken (salat kyoe) price (only for EWM process)	-	-
Total income out of sales of brans and brokens (for 1 ton of rice export)	27703.72	53740.42
Total income in USD out of sales of brans of brokens (for 1 ton of rice export)	25.19	48.85
Sales of 1 bag (108 lbs) of rice	14000.00	14000.00
Sales of 1 ton of rice in Kyats	285783.04	285783.04
Total income of millers for 1 ton of rice	313486.76	339523.45
Paddy costs	270766.83	303753.65

Descriptions	RWM	
	Min	Max
Milling charges (Kyats 12,000 per 5000 lbs)	5291.07	5291.07
Transport cost	250.00	500.00
	Max profit	Min profit
Profit (of a miller producing 1 ton of rice and sell to an exporter)	37178.86	29978.74
Profit %	14%	10%

Source: Author's surveys in Dry Zone and Ayeyarwaddy Division during 2010~13

Table 6.6: Profit percentage for exporter

Descriptions	Unit	RWM	
		Max	Min
Paddy price (per 5000 lb)(as of Feb 2010) to produce Emahta type rice	Kyats	380000	380000
Quantity of paddy required to produce 1 export rice bag (110.25 lb)	Kyats	178.17	199.87
Purchase cost of paddy	Kyats	13540.72	15190.36
Milling charges (Kyats 12,000 or 20,000 per 5000 lb)	Kyats	427.60	479.70
Transport cost	Kyats	250	500
Packing cost	Kyats	180	200
Labor cost per bag for export	Kyats	100	130
Transport cost per bag to sea port	Kyats	200	300
Port clearance	Kyats	40	50
Total cost per bag (110.25 lbs)	Kyats	14738.33	16850.05
Total cost for export (excluding paddy price and milling price) for 1 bag (110.25 lb)	Kyats	520	680
Number of bag per ton (2240 lb / 110.25 lb)	No.	20.00	20.00
Total cost for export (excluding paddy price and milling price) for 1 ton	Kyats	10398.17	13597.61
FOB price per metric ton (US\$) ²⁸	US\$	320	320
10% tax (US\$)	US\$	32	34
Other costs in USD at the earning rate Kyats 1100 per 1 USD	US\$	9.45	12.36
Income after tax (US\$)	US\$	278.55	273.64
Total cost of paddy and rice milling per metric ton in US\$	US\$	258.47	293.95

²⁸ In June 2010, the FOB price of Vietnam's rice was around US\$ 330-335 where FOB Myanmar was around US\$ 325-330. The FOB Myanmar price tends to increase due to the demand from Bangladesh. Due to proximity with Myanmar, freight charges from Myanmar to Bangladesh could be around US\$ 25 leading to CNF price of US\$ 350-355. Whereas, the CNF Bangladesh price of Vietnam's price could go up to around US\$ 380. Hence, Bangladeshi traders bought more from Myanmar during that period.

Descriptions	Unit	RWM	
		Max	Min
Profit per metric ton (US\$)	US\$	20.08	-20.31
Profit % before income from the sales of brans and brokens	%	8%	-7%
Other income from the sales of brans and brokens (US\$)	US\$	25.19	48.85
Total income after selling brans and brokens and export of 1 metric ton (US\$)	US\$	45.26	28.54
Profit % after the exports and the sales of brans and brokens	%	18%	10%

Source: Author's surveys in Dry Zone and Ayeyarwaddy Division during 20010~13

It could be found that while the profit margin for a farmer farming one acre of rice could range from 30-229 percent depending on the minimum and maximum cost and price scenarios, the profit margin that a miller could earn is 10-14 percent depending on the minimum and maximum outputs and prices, and that an exporter could earn is 10-18 percent depending on the minimum and maximum prices. Hence, the profit margin of farmers can be much higher than those of millers and exporters; however, since investments of millers and exporters are much higher than that of farmers, the amount of profit they earn is much higher than that of farmers. Although the profit margin for farmers is high, the actual amount of profit is small.

Hence, just a simple assistance package that includes provision of credits and agricultural inputs would neither help significantly improve farmers' livelihoods nor contribute towards agricultural development, because people whose livelihoods are so vulnerable are smallholder farmers and landless laborers. The surveys around the dry zone have revealed that there are around fifty percent of landless people in most villages who are not much engaged in farming activities. They do not rely on the agricultural sector because the percentage of time they work as contract laborers for farms is less than the time they engage in other odd jobs. Due to limited quality alternative livelihood options, everybody is engaged in every possible jobs or multiple livelihoods, including working for farms, working for palm tree plantations providing jaggery, herding cows, goats and sheep and finding firewood or mushroom (World Bank & Myanmar Development Research, 2012, p.9).

Hence, agricultural development alone would neither significantly improve their livelihoods nor contribute towards rural development and poverty reduction. Similarly, rural

development in the short term would not have a significant impact either on internal or cross-border migration. There is ample evidence in the dry zone and Mon state that children of farmers do not want to farm anymore; instead, they would migrate to urban cities or across borders. In the Mon state, it was very common practice for local adults to migrate across the border to Thailand and the left-behind farming parents had to hire contracted laborers from other parts of the country to help farm with them (Voladet, Aprichartollip & Imamura, 2009, p.34). In such cases, the push factor of migration is neither the development nor underdevelopment of the agricultural sector.

As a result of recognizing these constraints, the policies being implemented for rural development at least attempt to cover multidimensional aspects that include, but not limited to, developing agricultural sector, creating alternative livelihood options (by promoting rural micro, small and medium sized enterprises, and promoting domestic and international investments in the rural areas), improving access to credits, providing necessary vocational training and capacity building, improving rural electrification and telecommunications, promoting social development especially by improving the areas related to education and healthcare, promoting resource management and environmental protection.

As the current reform policies attempt to cover these multidimensional aspects, focuses are diverse and it takes time to materialize significant positive impacts. In many cases, the necessary concrete foundation, which could not easily be seen by the majority, needs to be firstly built, before building the structure of the building that can be seen by the public. For instance, before promoting investment, legal framework for investment, which can be considered a foundation for investment sector development, needs to be amended in order to create a more investor friendly and favorable investment climate. Although the policy makers tried to ensure that quick wins or low hanging fruits were there, these quick wins may not be sustainable if the necessary concrete foundation is lacking. Some quick wins, such as liberalizing vehicles imports, have nothing to do with the rural community. Since it takes quite some time for the positive impacts of reforms to trickle down to the rural areas, the majority of people there, including a significant number of would-be internal and cross-border migrants, do not even feel that reforms are taking place.

Once the rural development is shaped up, about fifty percent of the rural community who has been relying on odd-jobs would find better employment for their stable income. Then, smallholder farmers who cannot rely only on their farming but also on other ad-hoc self-employed businesses such as palm tree business (that include making jaggery, traditional products made of palm leaves), would find opportunities to set up micro, small or medium-sized enterprises. In addition, women in rural areas, whose main livelihood could never be specifically identified as they have been involved in multiple things, including making cows' feed, helping with farms, making jaggery, paddy drying and threshing, etc., would be able to have regularly paid jobs, if they choose to work. The contributions of those women, in terms of self-employed unpaid jobs as mentioned, are significant but never recognized (World Bank & Myanmar Development Research, 2012, p.9).

Depending on different phases of migration, the impact of reforms for rural development on migration may vary. In some places in Mon state and the Southern Shan state, most communities are found to be both sending and receiving communities as there is a lot of outward cross-border migration to Thailand while there also is inward internal migration to fill in the gap of labor lost. These communities are more mature in terms of migration stages, as the cross-border migration from these areas had started a long time ago, the social networks with the receiving country have been established, the community started having second round effect of migration as they received remittances, spent the remittances and contributed to some extent back to the community through the multiplier effects of increased consumption. The impact of reforms for rural development may trigger reverse migration and would eventually attract cross-border migrants back to the community, which will be in need of their experience, skills and expertise as the economy of the community and business opportunities grow.

In some places in the dry zone and the Northern Shan state, most villages are in a early stage of migration. The majority of them have not felt the benefits of migration yet; however, some migrants' left-behind families suffer from heavy indebtedness, as they had to borrow at high interest rates to fund the cost of migration. In these areas that are at an earlier stage of migration, the reforms for rural development may have discouraged some people to migrate; however, these places still experience both internal and cross-border migration leaving the

community. Although the major push factors of migration, such as poverty, lack of alternative livelihood options, etc., are not as strong anymore due to various reforms, the majority of people may still be attracted by pull factors, such as higher wages, more employment choices, better living standards, etc., in the urban cities or in neighboring countries where they wish to migrate. Some significant push factors, such as demonstration effect, peer pressure, etc., would still remain to encourage outward migration. However, reverse migration cases could be still very rare in those places during the initial phases of the reform process.

During the short and medium term, there may still be places where reforms would not reach. Myanmar being the second largest country after Indonesia in terms of geographical area in the ASEAN region, and having the population of around 55 million, still has difficulties with the impacts of reforms reaching out to every corner of the country in the short and medium term. There may still be people who have been unintentionally left out in the process of rural development, and who are destitute enough to roam around without even knowing whether or not they are still inside Myanmar.

The reforms for rural sector development would at least have an impact on productivity of the migrant sending communities. For instance, current pre-harvest and post-harvest losses in rice farming, accounting for around 35 percent, would be reduced due to the improvements in agricultural infrastructures such as an irrigation system, mechanization, etc., and reduction of the current losses alone would tremendously increase production. Improved rural electrification and telecommunications would strengthen the connectivity with the major markets and access to market information updates alone could increase the sales income as the farmers would not be relying on brokers and would cut short unnecessary steps in the supply chains. Increased income due to increased productivity, increased sales, reduced costs, etc., would encourage people to spend more on education and healthcare as the surveys in the dry zone revealed that respondents tend to use increased income productively on education and healthcare, and also unproductively by renovating their houses and making informal loans. In the rural community, making informal loans is considered a good investment as the interest rate income could range from 5 to 15 percent per month depending on the credit worthiness of the borrower. Although it may be a risky business since loans are unsecured, only those who have increased income

resulting in surplus of funds could get involved in such practices. Once access to formal credits improves more, and more productive kinds of investment opportunities arise, such informal lending would eventually diminish. As a result, the impact of reforms for rural development would be positive for rural communities. However, the level of these impacts on migration depends greatly on the stages of migration of each community, and each step of the reform process.

Figure 6.1: Impact of reforms for rural development on each stage of migration

<u>Initial stage</u> (Major sending country)	<u>Maturity stage</u>	<u>Decline stage</u>
<ul style="list-style-type: none"> • Unskilled & semi skilled workers going out • First-round-effect of migration 	<ul style="list-style-type: none"> • More semi-skilled workers going out • Second-round-effect of migration 	<ul style="list-style-type: none"> • More professionals going out • Foreign professionals & experts coming in
Migration effects in different stages of migration		
<ul style="list-style-type: none"> • Indebtedness • Social problems 	<ul style="list-style-type: none"> • Receive remittances • Increased income and consumption • Multiplier effects start 	<ul style="list-style-type: none"> • Increased economic and social development • Increased environmental impacts
Impact of reforms for rural development on different stages of migration		
<ul style="list-style-type: none"> • Very little impact • Internal and cross-border migration still remain 	<ul style="list-style-type: none"> • Discourage some people for migration • Some cross-border migration still remain • Initial stage of reverse migration is possible 	<ul style="list-style-type: none"> • Reverse migration • Inflows of internal and cross-border migrants could be triggered

Source: Author's surveys in Dry Zone, Mon State and Shan State during 2008~13

Since Myanmar has been going through multiple reforms that include not only the socio-economic reforms but also the political reforms and reforms for national reconciliation, the impacts during the transition can be very complicated. The country, which was isolated for nearly six decades under the socialist and military governments, abruptly opened up to the global community as a democratic country. There were a trust issues that Myanmar had to go through in order to get recognition from the international community that it had really changed.

In addition to the external factors – that Myanmar suddenly faced when opening up after decades – such as the global economic crisis, EU sovereign debt crisis, etc., having both direct and indirect impacts on the national as well as regional economies, Myanmar has been struggling to address internal multi-dimensional problems that had gradually developed. Myanmar was isolated for many decades, but interconnected development issues in various sectors were not systematically addressed. The quick fixes and short-term therapies practiced in the past had made these interconnected issues into more complex ones requiring systematic multi-dimensional policies to address them. Aiming at developing a more systematic approach to resolve these interconnected issues, Myanmar has drafted a reform framework in which sectoral priority areas for people-centered development in the reform process are identified through a multi-dimensional approach.

Among all these priorities areas for development identified in Myanmar's overall reform framework, numerous measures were further identified for early action, taking into account the proper sequencing for development. However, the reforms are still a long way off and far from perfect. Hence, perceptions of Myanmar's reforms vary and expectations of Myanmar's socio-economic development are great. There are many people, including a majority of the international community, who appreciate the significant progress in the areas of political, and economic reforms, which Myanmar has so far achieved, meaning that a majority of the international sanctions against Myanmar have either been totally lifted or suspended (Bunte & Portela, 2012, p.1; IOM, 2013, p.2). There are also many other people, especially those from international organizations, who have been deeply concerned about Myanmar's rapid development. The majority of international organizations has been suggesting that it is necessary to slow down the pace of current rapid changes and to move forward steadily with more caution. At the same time, there also are many people inside and outside the country who are still frustrated because they think that things are still moving very slowly. All of them might probably be correct. People may have different perceptions depending on where they are located, and how they perceive things. There is no doubt about the achievement of significant progress in many areas. There may probably be mistakes made in some areas, and other things may also be slow and lag behind in many areas. The most important things are to ensure sustained political

will and commitment to move things forward at a reasonable pace, that mistakes are promptly and efficiently taken on board as lessons, and that significant progress will bring more benefits to more people (i.e. the general public).

Myanmar has chosen the path to democracy. Hence, it has to develop its economic and social development plans in line with democratic principles. In many areas, practices for transparency and accountability are applied. Many ministries increasingly practice the selection process for procurement through international tenders and biddings instead of granting concessions to those having better connections. The best example can be found in the selection process of two international mobile phone operators, which was conducted transparently and professionally in line with international practices.

Civil society and businesses in the private sector are also increasingly involved in development planning through consultative meetings. They are also involved in the process of drafting laws. One example is the World Bank's Community Driven Development (CDD) program, according to which villagers are being empowered to choose, plan, build, monitor and account for small infrastructure projects to improve their lives. Another example is the process of drafting the Foreign Investment Law, the Special Economic Zone Law, and the Small and Medium Enterprises Law in which civil society, private business associations and international organizations were involved. In addition, the views of civil society and private sectors were taken into account in developing the Framework for Economic and Social Reforms (FESR).ⁱ A similar process is also being followed in drafting the National Comprehensive Development Plan (NCDP).

Policy makers are concerned about possible widening of inequity in the process of development. Hence, the master plan for comprehensive rural development has been developed with a purpose not only to alleviate poverty but also to reduce inequity and the rural-urban gap. In addition, attempts are being made to improve rule of law, fair competition and economic freedom in the socio-economic development process in line with democratic practices.

The democratic practices of various stakeholders in Myanmar are still very new, and as a result, there are cases where some people may cross the lines, act emotionally unaware of hidden consequences, easily complain and criticize each other without any strong justifications

and make mistakes. Actually, a situation such as Myanmar's may not be abnormal at all in a transitional period during which in many ways everything is a learning process. However, if such a situation persisted for a long time, it may become a discouraging factor for the development process and may even turn the direction of reform back, producing a worse outcome. The only way to avoid such situations is to enhance trust among the stakeholders through close collaboration, understanding and friendship (Aung, 2014, p.6).

There is an invisible association between trust, patience, understanding, friendship and the socio-economic development. There is not much evidence whether the socio-economic development is an exogenous or endogenous variable in this relationship. However, it is a variable without which the reforms may not happen and changes may not be sustained. Myanmar has attained significant achievements in the area of political development (although there still is a long way to go for perfection) and it is important that such political progress would influence and underpin socio-economic developments. Many international organizations have been flocking into Myanmar with tons of assistance for socio-economic development; however, Myanmar understands that such assistance serves only for a short-term (or perhaps a medium term) purpose. In the long term, Myanmar needs to stand on its own feet and needs to start preparing for that time. Clearly, the investments and trade sectors play a very important role in enabling Myanmar to stand on its own feet in the long term.

Myanmar has been moving forward at a velocity that many people could not have imagined in 2010-11. In many areas, lessons experienced by other countries in the region are absorbed in order to move things forward confidently; however, in many other areas, various risks are taken. Myanmar is now willing to learn from many other countries in order to take advantage of being the latecomer. Many governmental organizations are now working together with international consultants provided by various international organizations so that these governmental organizations have easier access to information and experience from other countries without which Myanmar cannot achieve its latecomer's advantages; however, there are many things that Myanmar still needs to learn and make improvements. Many significant developments have been achieved within a short time; however, it is still far from perfect and

there is still a long way to go. The reform is not a one-time effort. It is a process. More precisely, it is a process of evolution. Hence, it needs some time to evolve.

In the evolutionary process of reforms, the public sector alone cannot produce perfect results without having a tremendous level of cooperation with civil society on various levels. The stakeholders, including the government of Myanmar, and civil societies inside and outside the country are becoming more active, collaborating closely to pursue people-centered, equitable, inclusive and sustainable development (Aung, 2014, p.7).

The formal and informal involvement of various stakeholders, especially the civil society groups, in a democratic process is creating an environment different from that under the socialist or military governments in the past. In such a process, more and more voices are heard. Among these voices, there may be noises and voices of a handful of groups with vested interests. In the early stages of transition, it could be normal that filtering out the voices that represent the majority may not be easy. People have been going through the process of evolution and some of them still may not be able to distinguish between right and wrong in accordance with international norms. The concept, which is considered unacceptable as per international norms, may still be considered by the majority as the right thing.

What do all these reforms, transitions, evolutions, voices, noises, etc., have to do with migration? Actually, they are everything that has direct, indirect, positive or negative impacts on migration. Firstly, before the new democratic system was adopted, the word “poverty” could not be mentioned due to the fact that the then government did not accept there was poverty in Myanmar. Hence, any policy related to poverty reduction could not be crafted. As soon as the new government took office, it recognized that many people were living in poverty and they were in the rural areas and started developing policies for comprehensive rural development and poverty reduction. Then, the government started to officially recognize that migration could be a means in helping to reduce poverty to some extent in some places, where second-round effect of migration was evident.

Secondly, under the old system, with the exception of effective measures taken by the anti-human trafficking unit under the Ministry of Home Affairs to fight against human trafficking, resources were very limited and migration issues were normally shoved under the

carpet. As soon as the new government took place, Labor Ministry started hiring foreign consultants to understand more about what Myanmar migrants needed in host countries and measures were taken to fulfill their needs in collaboration with the host countries' regulators. The old system of issuing passport only at one place in Yangon was changed, and passports are currently issued not only in various regions and states in Myanmar but also in some places in Thailand where there are many Myanmar migrant workers.

Thirdly, under the new system as a result of the political reforms, people are free to speak. Under the old system, nobody dared to speak about politics or criticize the government in the public due to the fear of incarceration at night. Under the new system, many people nowadays can speak about politics and criticize the government everywhere ranging from teashops to formal conferences to seminars. Although some prosecutions and arrests still exist due to publishing in the media with wrong or incomplete information or staging demonstrations without seeking approval as per the new law, nobody could deny that the environment has been completely changed compared to that under the old system. Under the new system, civil society groups related to migration can speak freely about migrants' problems and criticize the government systems for improvements.

Fourthly, reforms for national reconciliation had ended decades long conflicts with many ethnic nationalities with the exception of the conflict with the Kachin. The migrants in these areas who had no choice but to choose various informal channels of migration in the past, now have easier access to formal channels. However, due to difficulty related to transportation, they may still choose informal channels in traveling to a neighboring country located closer to their region instead of traveling all the way to the cities where they could take international flights. Currently, the Myanmar migrants in Thailand holding temporary passports are issued with normal (permanent) passports. However, border passports are still being issued that are not fit for traveling beyond the border town of a neighboring country. Unless this policy is abolished, people crossing the border legally with seven-day passes or with the border passport and over-staying illegally to work in Thailand will still exist.

Fifthly, Myanmar is entering into visa free agreements with several countries in the ASEAN. Many countries in the region are welcoming this agreement due to the significant

political reforms taking place in Myanmar. It is planned that Myanmar could conclude such agreements with all the ASEAN countries soon. The visa free arrangement could increase the number of Myanmar migrant workers and tourists enormously. As the migration from Myanmar to Thailand has been taking place through various informal channels due to the fact that most sending communities in Myanmar are located closer to Thailand, the number of migrant workers who would switch to formal channel of migration to Thailand would not be significant in the initial stage. However, the flow of migrant workers to countries like Malaysia through the formal channels would increase. Due to the ease of application for passports after the reforms, the number of Myanmar tourists going to Thailand had tremendously increased. The number of Myanmar tourists to developed countries like Singapore, Korea and Japan has also increased. Nobody could have thought that Myanmar tourists to these developed countries would exist within 2-3 years after the new democratic system was introduced.

Due to the reforms, Myanmar had become a top tourist destination country as per the Lonely Planet and CNN. As a result, the number of tourists had been tremendously increased by about 150 percent within three years from 816,369 in 2011 to 2,044,304 in 2013. The advertisements about Myanmar were aired on Channel News Asia and CNN during the month when the World Economic Forum on East Asia was held in Myanmar. Due to the financial sector reforms, tourists could use international credit cards like Visa, Master, JCB, etc., and get cash from the ATMs of some local banks. A visa on arrival has been implemented so that businessmen, tourists and short-stay visitors participating in seminars and conferences from many countries could apply for a visa on arrival at Yangon airport. An electronic visa system has also been developed. As a result, not only the tourists but also the number of inward professional migrants coming to Myanmar for employment has risen significantly. Due to the abrupt increase in demand, hotel prices had increased by 200-400 percent. In order to accommodate the increased demand, foreign investments in the hotel sector alone had reached US\$ 1.917 billion, out of which, investment coming from Singapore accounts for 46 percent, Vietnam 23 percent, Thailand 12 percent, Japan 10 percent and Hong Kong 8 percent, respectively in 2014. Among those coming to Myanmar with various visas, there are political activists, who were blacklisted under the old system. Some of them have made frequent visits

back to Myanmar, some of them have permanently migrated back, and some have decided for a long-term stay. The President of Myanmar also had invited several prominent members of Myanmar diaspora to return to the country to help the country's ongoing reforms (MNPED, 2013, p.8) Hence, the government drafted a law to grant Permanent Residency status to some of them wishing for a long-term stay and also to foreign investors and those who could contribute well towards the nation's development. This will enormously attract Myanmar diasporas to come back for investment. Although Myanmar currently has two investment laws, one for foreign and another for Myanmar citizen investors, the incentives and privileges provided to them are equal in order to ensure a level playing field. Hence, Myanmar diasporas would not enjoy more incentives than what foreign and citizen investors can enjoy.

Myanmar has concluded investment promotion and protection agreements with several countries that include Japan and United States. Due to the reforms in the investment sector, investors from many countries started eyeing Myanmar. Many Japanese companies have hired Myanmar migrants in Japan, who speak Japanese, and sent them back to Myanmar as their representatives. Some companies in Thailand and Singapore having or are planning to have a business relationship with Myanmar had started hiring more Myanmar professionals to act as a formal contact person for their planned projects in Myanmar. Likewise, in the political sector, the Myanmar civil society groups that used to be working outside Myanmar had come back as the new budget they received is to provide for direct assistance to the community inside the country rather than giving assistance indirectly from the borders as in the past. Hence, it is evident that reverse migration is already happening in various forms for some classes of migrants. However, the Myanmar market still needs more development in order to attract and to accommodate the majority of Myanmar semi-skilled and skilled migrant workers who have been working abroad. Even when reverse migration happens in full swing, it would not necessarily deter cross-border migration as the inertia of which would still remain. At some stage in the future, outward cross-border migration of unskilled and semi-skilled workers would decline while migration of skilled workers and professionals going out of Myanmar could increase. As significant flows of foreign investments stream into Myanmar, demand for semi-skilled and skilled workers would rise sharply.

If the adequate flows of reverse migration do not happen, in the near future, the shortage of skilled workers would hold back the level of productivity needed in various economic sectors. It is already happening in some projects such as Dawei SEZ project, where the need for skilled workers during the initial construction phase could not be fulfilled by Myanmar workers and that had led to a situation where the Thai developer had to bring in hundreds of Thai skilled workers despite a provision stipulated both in the Foreign Investment Law and the SEZ Law according to which the percentage of Myanmar technicians could not be less than 25 percent in the first two years, 50 percent in the following two years and 75 percent in the next two years. Although labor mobility is very high in Myanmar, the lack of skills needed for the construction phase and the difficulty in providing transportation to the project area could be problems for Myanmar workers trying to reach there. A similar case was evident when the natural gas pipelines were constructed. It was quite difficult to find Myanmar workers who have the skills of welding the pipes and holding the recognized welding certificate, hence, as a result, a lot of Thai workers were brought in to complete the project in time. There are some skill-training centers in Yangon that teach welding; however, these centers are dedicated for those who are in the process of going abroad as migrant workers and are facilitated by employment agencies.

Although similar kind of vocational training centers are available, the majority of them are run by the government with very limited resources in term of trainers and training equipment. The establishment and operation of such training center would not be sustainable unless it is demand driven. Hence, when the demand picks up tremendously, the private sector, in partnership with relevant foreign institutes, would appear. However, foreign investments in various economic sectors would find it difficult during the transition period. It is estimated that the flows of cross-border Thai and Chinese skilled workers would increase during such a transition period before the Myanmar workers become properly trained and before the reverse migration of Myanmar skilled workers comes into reality. That is why the Thilawa SEZ Management Committee is welcoming private investments to set up a professional vocational training center inside the zone. In 2015, a Japanese vocational training center had been granted an investment license to set up a one-stop human resource development center. It is planned,

with the purpose of making it demand driven, that the types of training to be provided are to build up the skills demanded by potential investors planning to locate to the zone.

As part of the reform process for rural development, the World Bank has initiated the Community Driven Development (CDD) program in various villages having the total commitment cost of US\$ 80 million. It is a development initiative that provides control of the development process, resources and decision-making authority directly to community groups. It involves a degree of evolution of responsibility to communities for managing their development, including the design and implementation of policies and projects, that facilitates access by poor, rural people to social, human and physical capital. This requires that the communities themselves have the capacity to assume responsibility (“Community Driven Development”, n.d., p.1). The CDD project in Myanmar covers construction of rural and inter-urban roads and highway, general water, sanitation and flood protection, irrigation and drainage, health, and the general education sector under the four themes that are rural services and infrastructure, participation and civic engagement, social inclusion and gender. This program is complementary to Myanmar’s rural development and poverty reduction policy. When such program becomes effective and reaches wider coverage, the pace of cross-border migration from these communities are expected to slow as the program, empowering the community, would open up alternative options for their livelihoods.

Due to the reforms, the decision of Myanmar migrants at various refugee camps in Thailand, India, etc., is still a question mark. There are some rumors that Myanmar migrants from these refugee camps would be forced to go back to Myanmar by the government of the host countries. The new government of Myanmar had expressed its willingness to welcome those who wish to come back; however, they would not persuade or force to come back to Myanmar. There are also rumors that the Dawei SEZ is being developed with a purpose of forcing Myanmar refugees in Thailand to come back and work there. Actually, Dawei SEZ development was planned in 2008 by the previous government under the old system. At that time, the previous government might have even been worried if the refugees came back. Among the refugees, there are genuine political activists and economic migrants disguised as activists. Although the genuine economic migrants who do not have refugee status and privileges might

think of coming back to Myanmar to reap the benefits of change and development, economic migrants who have refugee status and privileges may be discouraged from coming back to Myanmar unless their benefits from the refugee status significantly declined. However, the study on politically forced migration and refugees is beyond the scope of this paper.

Generally, the reforms in Myanmar would activate more internal as well as cross-border migrations and they might even trigger reverse migration to some extent. As the labor mobility is high in Myanmar, the flows of internal migrants are expected to be more active as the transportation networks improve. The enactment of the labor law, and the increased benefits and protection of laborers as the law is enforced, especially in urban cities where foreign investments are normally concentrated, would be a significant pull factor for internal migration. As the freedom to speak is achieved under the new political system, labor strikes are breaking out at various factories demanding more wages and benefits. As a result, potential foreign investors are getting worried about possible labor problems. However, experience in other countries in the region such as Cambodia, where labor problems were widespread, suggest that factories that offered quality jobs with proper benefits and protection in compliance with the international norms did not have any problem with their laborers. Only the factories coming from other developing countries that offered cheap benefits and no protection were normally faced with labor problems. As in these countries, as foreign investments grow, there would be multiple labor standards offered by different investors and labor problems and strikes would still remain. Low quality factories or some SME/SMIs would first recruit the internal migrants having no skill or low skills, where they may be offered small benefits with no labor protections. Once they improve and become more efficient, the possibility of having them migrate across the border would be lower as they would have more choices within the country and would be able to easily hop from one job to another as the demand for labor rises. One of the main reasons for having increased cross-border migration is the lack of choices and alternative livelihood options within the country. The increased level of choices, among which quality jobs or better livelihood options are available, would slow down the pace of cross-border migration from Myanmar. As a result, internal migration flows would be higher than those of cross-border migration once the reforms are taking place in full swing and once the impact of the reforms have trickled down to

the operational level with effective enforcement. It will still take sometime to reach this level as building blocks have to be in place in the process of reforms.

Reforms in any country take time, because building blocks that can be considered supporting reforms have to be developed before the primary reforms can be made. The quick-wins and low hanging fruits are some forms of primary reforms that are immediately made without having the necessary supporting reforms. That's why these quick-wins and low hanging fruits can have a lot of undesirable consequences or repercussions and may not be sustainable (Aung, 2014). However, they are widely practiced in many countries to achieve political benefits. There are also many cases where the right decisions for the right reforms cannot be made, as they may be politically very costly. The development of building blocks for supporting reforms may take time and they are usually not seen or recognized by the general public. For instance, in the banking and financial sector, the development of the interbank markets that are essential reforms, without which the whole banking sector would never get developed, is not widely seen or recognized by the general public. The majority would like to see the modern banks with flashy renovations, ATMs, better payment systems through electronic cards, mobile phones, etc., and are not interested in how the interbank markets, essential retail payment switches, real time gross settlement systems, etc., that are supporting reforms to realize the primary reforms, are developed. Hence, during the time the supporting reforms are being made, the impact on migration would still be minimal despite the development of quick-wins and low hanging fruits. Once the supporting reforms are in place and the sustained primary reforms are visible, the impact on migration would be much more significant. Hence, the impact of reforms on the migration would vary depending on different stages of reforms and different phases of migration.

As a result, in a single country, multiple impacts of reforms may exist in different places that are going through different phases of migration. Even in a country like Thailand, which is the main destination country for migrants from the Greater Mekong Sub-region, different phases of migration can be evident in different places. For instance, the phase of migration in a place like Bangkok, which is a major migrant-receiving place in Thailand, is different from that of Isan, which is a major migrant-sending place of Thailand. And the development impacts on the

migration of these two places are also different. The impacts of reforms and development in Myanmar, which is still in the transition stage, on the urban cities and rural areas are different. This gap of impacts may be smaller once the trickle down effects of policies on rural development effectively take place. Since the evolutionary process of Myanmar is different from that of other countries in the region as Myanmar – once the most developed country in the region until 1950s – became suddenly isolated for nearly six decades and once again opens up to the global community. Hence, the level of developments, and the impacts of these developments on migration, may be different from other countries in the region.

Implications of policies for migrants and their left-behind families

As elaborated in the *Chapter 9*, many good-intended policies related to rural development may have failed or may have not turned out to be effective as their focuses were narrow and were not linked to broader policy package taking into consideration of multidimensional aspects. Policies on rural development normally focused more on agricultural development, as majority of policy makers had an understanding that 75 percent of population lived in the rural area relying on agricultural farming so that once the agricultural sector was developed, their livelihoods would be improved and rural development could be achieved. In reality, it is true that 75 percent of population lives in rural areas; however, it is not true that all of them rely on agricultural farming. Actually, more than fifty percent of those in rural areas are landless and they have to engage in various jobs including farming, toddy palm sapping, jaggery making, and many other odd-jobs at different times or seasons of the year. Some of their jobs are directly or indirectly related to farming, however, many other jobs are not related. Majority of policies related to agricultural farming development that include developing special purpose companies to provide credits and agricultural inputs to farmers were not effective as they could benefit medium and large farmers while smallholder farmers and about fifty percent of those in the villages who do not rely on farming did not enjoy the benefits. In some cases, this policy had failed, as borrowing farmers could not pay back the credits they took due to climatic variations that had destroyed the crops. If the policy had focused firstly to develop basic farming infrastructures such as leveling of soil, water pumping and drainage system around the farm, the

crops would have been able to withstand the climatic variation to a great extent. In addition, if the policy had equally focused broadly on developing or improving alternative livelihood options, employment opportunities, education, healthcare, access to finance, and other basic infrastructures, negative impacts on many migrants' left-behind families as analyzed in the *Chapter 3* would have been effectively mitigated.

Policy makers tend to focus on quick fixes or short-term therapies that are developed on ad-hoc basis responding to certain situations. These quick fixes may (or may not) address the situation at hand in a short time, however, they tend to create more problems or undesirable side effects in a medium and long term. One example is providing cheap credits to farmers with a perception that their livelihood will improve if they have access to cheap credits. Access to finance (which does not necessarily have to be cheap) is one of the key areas for improvement; however, improvement in this area alone will go nowhere and cheaper credits will not sustain for long term. In addition, many policies are not followed by effective implementation and monitoring system. One example is a policy related to development of dams as a part of agricultural development plan which is not followed by construction of irrigation canals leading to a situation where many villages located near these dams do not have access to water supply during the summer times. Likewise, constructions of schools and healthcare centers are not necessarily followed by provision of adequate number of teachers, medical doctors and nurses, and supply of teaching materials and medicines. In addition, policies (intending to increase farms' productivity as a quick fix) that had forced farmers to grow policy crops such as sunflower, hybrid rice, etc., have largely failed in the past. As a result, these quick-fix policies and policies that are not followed by better implementation and monitoring have failed or have turned out to be ineffective. These policies may have compounded the livelihood hardships of rural communities and have become a major "push" factor of migration (or factors behind the livelihood hardship) in some cases.

Policy makers under any governments would love to create quick wins by reaping low hanging fruits, however, the need to focus on structural changes that would sustain these quick wins is often ignored. One common example is the policy related to increasing policy credits to farmers. This policy has never turned out to be effective unless it is a part of broader policy

package that is implemented for comprehensive rural development. Hence, these policies focusing on some specific areas without holistically cover broader areas of comprehensive rural development tend to create quick wins only for targeted groups of people without giving equal benefits to rural dwellers including migrants' left-behind families. As a result, these policies have failed to mitigate the vulnerability of migrants' families as indicated in the *Chapter 3*.

Policy makers often focus on some scattered areas of rural development and urban development separately and they often lack comprehensive and cohesive policies that link between the rural and urban areas. As a result, internal migration from rural to urban has tremendously increased while urban area is not yet ready to accommodate these internal migrants creating more complicated social problems.

Myanmar has been going through an unprecedented transition in multiple areas. Policy markets also have been developing various policies to boost up the economic development. However, it is important that policy makers need to strike the right balance between economic development, social development and environmental protection in order to achieve long-term sustainable development. While all these developments have significant effects on migration as the patterns of migration is being altered, they also have various undesirable side effects. High economic growth has created inflationary pressure having various kinds of negative impacts on migrants and their families as indicated in the *Chapter 8*. In addition, it (high economic growth) has been widening rural-urban divide creating inequity not only between rural and urban dwellers but also among the people in the rural areas. Hence, good-intended policies having positive effects may also have undesirable side effects. It is important that policies are constantly evaluated for their relevance and effectiveness and necessary policy adjustments are made as elaborated in the *Chapter 9*.

Chapter 7

Policies linking Migration and Socioeconomic Development

While *Chapter 4* elaborated on reform policies related to Special Economic Zones development on migration (especially on internal migrants), the following *Chapter 5 and 6* highlighted on reform policies in financial sector, trade sector and rural development. These chapters not only highlighted on recent reforms taking place in abovementioned sectors but also on how these policies should be coordinated, and how the implications of these policies could become undesirable without having proper policy feedback and adjustment. In these chapters, the highlight has always been on the need to develop coordinated and holistic policies to create a favorable or enabling environment in which migration could be linked to wider socio-economic development.

Hence, previous chapters are complimentary to this *Chapter 7*, in which the focus is directly made on how more visible links can be established between migration and wider socio-economic development. This chapter highlights the fact that migration policies should be coordinated with wider development policies for comprehensive development in various areas covering investment and trade, banking and financing, electrification, health, education and environment, among others, in order to create a favorable or enabling environment in which cheaper credits are available, SMEs/SMIs have developed, financial inclusion has improved, education and healthcare are upgraded, alternative livelihood operations open up, while convenient, affordable and secure migration channels are established. Then only, benefits of migration (as the first-round effect) on migrants and their left-behind families would be able to contribute towards comprehensive socio-economic development as a whole in a shorter time.

There is a Myanmar traditional saying that says “*Ta Ywa Ma Pyaung, Thu Kaung Ma Phit*”, which means that one cannot become rich or improve his situation unless he moves to another village. Although a majority of people may not take the saying seriously, it is evident that mobility has been very common in the region as the migrations signify hardship as well as love for independence since time immemorial and it is true in most cases that local rural dwellers

life does not advance without movement (Thiesmeyer, 2010, p. 16; Winichakul, 1997, p.155). Even the capital cities of the country were moved to different places until quite recently. As a result, people mobility, which not only is in the form of internal migration from rural to urban areas, but also from rural to rural and also in the form of cross-border migration from both rural and urban areas, are taking place simultaneously.

There are always costs and benefits related to such mobility. Whether the benefits outweigh the costs or the other way around depends on many factors that include access to information and connections, cost of mobility, destination place, availability of other facilitating push factors, etc. However, taking some examples of unfortunate events that had happened in the past, some NGOs and government authorities have been discouraging such mobility, especially in the form of cross-border migration. However, such mobility is unstoppable.

The main benefits of such mobility can be divided into tangible benefits and intangible ones. In a normal case, the tangible benefits include remittance income for the family and the reduction of household expenditure burdens due to the absence of family members who have moved out. The intangible benefits include increased social connectivity between the home and host community, which is highly regarded as an asset that can be used for the future mobility of those from the home community to the host one; increased social capital as the consumption of migrants' families might become higher due to remittance income and spend more on donations and other social activities; increased respect as it is evident that some returned migrants are becoming village heads or spokespersons as people in the home community often regard them as the ones who have acquired more knowledge from their migration experience than normal villagers. Under such a normal case of migration, the benefits outweigh the costs (Aung, 2009, p.17).

However, there are also many unfortunate cases where the costs outweigh the benefits. There were cases where the families in the home community were left with increased debt burdens; migrants got into trouble in the host countries and could not send any remittance back to the family; and in a worst case, they even faced incarceration or a fatal accident during the process of mobility (especially in the case of cross-border illegal migration). The increased socio-economic conditions of some migrants' households in the home communities at the later

introductory stage and maturity stage of migration lifecycle, and costs associated with migrants' households suffering from pre-first-round effects of migration at the early introductory stage of the lifecycle have been elaborated in the *Chapter 3*.

As a result, one cannot say for sure whether such mobility (internal or cross-border) is good or bad, or whether the costs outweigh the benefits or the other way around. It depends on the climate around such mobility in which many factors are involved. In the previous *Chapter 2*, the stages of migration had been stated and each stage of migration is surrounded by a different climate.

The climate in the first-round effect of migration is totally different from the one in the second-round effect. A normal case of migration as above-mentioned could represent more of the second-round effect of migration, whereas the unfortunate cases could represent the pre-first-round effect. As analyzed in the previous *Chapter 3*, home communities where the migration has just started having a young migration experience are prone to have pre-first-round effect and the climate at this stage is not quite desirable. However, this could be a process of evolution that most communities need to go through until more and more facilitating factors are in place.

The role of facilitating factors is very important to shorten the evolutionary process. Although these facilitating factors were elaborated in the *Chapter 2* as facilitating push factors, in some cases, they are not in the form of either push or pull factors themselves; however, they can strengthen the push factors and facilitate the mobility more easily. These facilitating factors include tangible factors such as availability of legal employment agencies and informal brokers and also include intangible factors such as the social network between the community of origin and the destinations. Brokerage and migration network or social networks established by migrants are factors that have been playing an important role in the outflow of migrant workers from all developing countries in the region (Wongboonsin, 2009, p.179).

The majority of cases of mobility, either in the form of internal or cross-border migration within the country or across the border, are facilitated by many informal activities. Some may be illegal according to the existing legal framework; however, some may be in the grey area as they are neither legal nor illegal. Whether or not they are legal or illegal or in a grey area, these

informal activities play a very important role to make the benefits of migration outweigh the costs for the migrants and their families or the other way around. In the early stages of migration, these informal activities are not yet developed, meaning that migrants have to take all the risks to pave the way from scratch. In return, the left behind families get the undesirable pre-first-round effect of migration. How long they suffer from these effects could depend on how long it takes to have the facilitating factors developed. In some cases, some villagers from the first wave of migration return and start to act as informal brokers with the connections they had gained from their migration experience. In other cases, migrants in the destination ask their friends and other family members to come to their workplaces due to an increased labor demand. In both cases, there may be an element of fees for such brokerage, and if so, it can be regarded as human smuggling, which might, in a worse case scenario, lead to human trafficking if the migrants unexpectedly get abused or exploited in their workplaces. However, without such informal brokerage or facilitation, the probability of having something wrong in the process of migration can be even higher.

Facilitating factors in other economic sectors are also important to strengthen the benefits or to mitigate the costs. For instance, one of the tangible benefits, which is remittance income, may not turn out to be a benefit if the international remittance system, whether formal or informal, is not efficient. There were cases that remittances were lost as *hundi* agents cheated or ran away. In those cases, remittance did not turn out to be a benefit. Once the facilitating factors such as cross-border remittance system through ATMs and cross-border mobile payment system, develop the benefit of remittance income will become stronger. If the facilitating factors such as telecommunications, immigration and the emigration process (i.e. whether formal or informal) are not efficient, increased social connectivity as an intangible benefit may not be possible.

Likewise, if the facilitating factors in the financial sector such as increased access to cheaper credits, micro-finance system, etc., are widely available and effective, costs related to the increased debt burden on left-behind families due to high migration costs and high interest rates on informal loans can be reduced. If the facilitating factors in the labor and employment sector such as cross-border employment agencies, cross-border migration policies, etc., are

efficient, costs related to troubles that migrants get into in the host countries due to their illegal stay, incarceration and death during the process of illegal cross-border migration could be significantly mitigated.

Hence, whether the benefits of migration outweigh the costs or the other way around depends not only on facilitating factors around migration but also facilitating factors in other economic sectors such as the telecommunication sector, financial sector, immigration, labor and employment sectors, transport sector, etc. If these facilitating factors are widely available and efficient, the pre-first-round and first-round effects of migration can be similar.

The facilitating factors also include various employment related factors in the receiving countries such as type of employment, legality status, working environment, activeness of the non-government organizations promoting labor rights and empowerment of the migrant workers, etc. These factors can be improved with the cooperation between the country of origin and receiving countries. The role of non-government organizations and civil society groups promoting labor rights, and empowering the migrant workers including the language training in the host countries also plays a very important role in making the benefits of migration outweigh the costs.

However, in most cases, a majority of the host countries' authorities view them as a threat although there also are cases where authorities cooperate with them. In a case which happened in 2008 that had led to the death of 54 smuggled migrants in a container truck in Thailand on their way from Kawthaung of Myanmar to Phuket of Thailand, the authorities of the two countries and some non-government organizations cooperated for the release of the remaining migrants who survived and for the compensation given to the families of those who died in the incident. As soon as the event happened, authorities from Myanmar immediately went to Thailand in order to investigate the situation and to protect those who survived. The Thai authorities were surprised at the arrival of Myanmar authorities in the middle of the New Year Water Festival during which government offices in both countries are normally closed. The cooperation of the authorities of the two countries was quite significant and the Thai authorities even mentioned that they should do regular gatherings once per month either on Thai side or Myanmar side in order to exchange information and strengthen cooperation.

In this case, the role of non-government organizations was also very significant. While the information exchange between the authorities of both countries in an informal way was not common, the non-government organizations played an important role. While all the offices of both sides were closed during the water festival, official exchange of information was quite slow. In such a situation, the non-government organizations not only shared necessary information but also advised on the current situations related to status of migrants who survived, how the authorities handling the case would perceive and act, etc. These organizations worked closely with the authorities of the two countries.

The facilitating factors in the country of origin, factors in the receiving countries and other factors such as the level of cooperation between the authorities of home and host countries, cooperation between authorities and non-government organizations and civil society groups, etc., are very important in determining the costs and benefits of migration. The costs of migration can be mitigated and the benefits can be enhanced by improving these facilitating factors.

Whether or not the cross-border migration is good, and whether or not the benefits of migration outweigh the costs depend on case-by-case basis. They also depend on time, which is the stage of migration. The stage of migration can also vary from one place to another. A single country may have various stages of migration in various areas where various sending communities exist.

The policies around cross-border migration should be more flexible and based more on empirical evidence taking into consideration the migrants' perception and their needs. The gap between local needs, migrants' perception or behaviors and national policies continues to exist wherever little or no attempt has been made to incorporate local knowledge into policy planning (Thiesmeyer, 2010, p.57). A policy to encourage legal migration may have an adverse effect on facilitating factors, hence, in turn on the migrants. In addition, a policy may not fit in all cases of migration as migration cases tend to be very different from each other. Different policies may be needed for different cases of migration. Hence, it is important to group policies into different categories. The first category includes general types of policies that fit for all migration cases. The policies to improve facilitating factors in both home and host countries can be included in

this category. The second category includes specific types of policies that fit for specific cases. The relevant authorities should be careful in imposing policies in the second category, because they may have positive or negative outcomes depending on different situations. Some policies issued on an ad-hoc basis reacting to some specific cases such as a policy that was once issued in Thailand prohibiting the Myanmar migrants to use mobile telephones, may not only have negative impacts on migrants but also create a negative image of the country in terms of human rights. Hence, the policies issued by authorities can either mitigate or increase the costs or benefits of migration depending on different cases and they could relate to the migration with the socio-economic development of the community and the nation as a whole.

In most countries in the Greater Mekong Sub-region²⁹, migration is not properly documented, meaning that it is not easy to quantitatively assess how migration has contributed towards socio-economic development. In the major sending GMS countries³⁰, the contribution of migration towards development should not be too optimistic. In the GMS countries, migration normally originates from rural areas where there is a lack of basic infrastructure. Due to the limitations in access to basic infrastructure, farming has been given up in many cases and migration has become the only option. In such a situation, it is not realistic to expect migration to effectively promote development, since complementary infrastructure, services and ecological conditions are rudimentary. People migrate because of the lack of meaningful development in the first place (Georges, 1990, p.170; Taylor, Arango, Hugo, Kouaouci, Massey & Pellegrino, 1996, p.402). In the absence of policies designed to channel migrants' savings into productive investments, it is too optimistic to expect a visible link between migration and development. In addition, with the lack of efficient rural credit markets, it is too optimistic to expect migrants and their families to act as intermediaries between migration and development.

If there is no favorable environment in the community of origin to save, invest or produce, the tangible contribution of migration in terms of remittances towards the development

²⁹ There are six countries (i.e. China, Thailand, Myanmar, Cambodia, Lao PDR, and Vietnam) in the Greater Mekong Sub-region.

³⁰ Major sending GMS countries are Myanmar, Cambodia and Lao PDR and the major receiving country in the GMS is Thailand.

may not be quite visible. However, there are intangible contributions that migration can make towards the community's socio-economic development. In some communities of origins in Myanmar, migrants' left-behind families tend to have more expenditure on health and education. In addition, migration tends to strengthen the social capital in some communities of origin as the villages where there is a significant number of migrants and their families tend to have more social activity times during which villagers get together and help each other. Hence, migration tends to contribute towards some social development in the community of origin; however, the extent of contribution may depend largely on the existence of some favorable facilitating factors.

There are many other external factors such as foreign direct investment, government's policies related to economic development, etc., that can encourage or discourage the development of a favorable environment, which can establish a visible link between migration and socio-economic development. The governments of developing or underdeveloped countries in the GMS, where there are major sending communities, normally struggle to strike a balance between economic growth, inflation and unemployment.

While many countries in developed nations have been fighting for inflation in order to achieve economic growth to some extent, the governments of developing or underdeveloped countries in the GMS, where significant economic growth is realized, have always been fighting against inflation. The governments normally steer the economy through their fiscal and monetary policies to achieve a desired level of growth at the desired level of inflation. Since the necessary markets to implement fiscal and monetary policies have not yet matured and necessary financial instruments and tools are not yet available in these developing or underdeveloped countries, their governments normally apply some simple and direct channels by cutting the government expenditures, increasing the tax or widening the tax base, sucking up the liquidity from the economy through sterilization, etc.

Although they are relevant measures to stabilize the macroeconomic environment and to achieve the objective of having a stable inflation in the high growth environment, these measures are contractionary policy measures that can have adverse effect on the economy as a whole. The vulnerable communities in the rural areas, where outbound migration normally takes place, tend to be the first to experience such effects.

In a country like Myanmar, having economic growth of around 7-8 percent per annum in 2015, the relevant authorities are prone to take contractionary measures in order to control inflation. Although the fiscal policy cannot significantly control inflation due to the fact that government expenditures during the reform process cannot be significantly reduced and reforms on taxation take a longer time, monetary policy can influence inflation to a large extent.

Although the implementation of monetary policy through open market operations is still not possible due to the lack of a vibrant secondary bonds market, various direct methods such as deposit auctions³¹, treasury securities auctions³², reserve requirement³³, etc., are being applied to suck up the liquidity from the economic system. These methods are intended to control the capacity of banks to extend credits to the economy, meaning that businesses do not receive the required level of funding,. By doing so, the main objective of these policies to control inflation could be met.

As a result, the rural economy that depends to a large extent on the urban economy and businesses in the whole value chain also get adversely impacted inevitably. This is a situation being faced by developing and underdeveloped countries in order to maintain a considerable level of economic development while the level of inflation is controlled to some extent, while developed nations have been striking to boost up their economies or to fully recover from the Global Economic Crisis by increasing the level of inflation up to about two percent.

On the fiscal side, although the government ministries have a strong appetite to increase their expenditure for infrastructural developments, their budgets are severely scrutinized by the Parliament and are cut to a large extent, meaning that government expenditures are not increased

³¹ Deposit auctions are conducted every two weeks by the Central Bank of Myanmar where bids from the banks for placing deposits with the Central Bank at the bid interest rate, are accepted. If the Central Bank needs to suck up more liquidity, it shall accept higher bid interest rate and allow more deposits to be placed with it.

³² Treasury securities auctions are conducted every two weeks by the Ministry of Finance through the Central Bank of Myanmar, which acts as the agent. During the auction, the banks place the bids to buy treasury securities at the desired yields. If the Central Bank needs to suck up more liquidity, it can sell more treasury securities to the bidder banks by accepting the higher bid yield.

³³ Central Bank of Myanmar instructed the banks to place the reserve (as a percentage of deposits) with the Central Bank. If the Central Bank needs to control inflation (or in other words to control the capacity of banks to make loans), the reserve requirement is raised. In Myanmar, the reserve requirement is set at 5 percent as of early 2016.

as expected or as it should be for the infrastructural development. The situation further limits the economic growth of the rural areas while the measures for rural development and poverty reduction are still yet to be effective. As a result, the alternative livelihood options have become limited and opportunity for migrants' families to make productive investment have become scarce, creating an unfavorable environment where it is too optimistic for migrants and their families to contribute towards economic development.

Under such situation, the developing or underdeveloped countries should be able to take an advantage of migration by creating a favorable environment for migrants and their families to be able to make productive investments, to have alternative livelihood options so that they do not have to rely only on a work which cannot provide them with reliable stream of income, to be able to save in the financial institutions that can convert their savings into more productive investment through effective intermediary process and to be able to invest more on healthcare and education.

Necessity for sound government policies to create a favorable environment where migration can be associated with socio-economic development

Creating such a favorable environment requires sound government policies not only related to migration but also related to the economy as a whole. Regarding the policy related to migration, restrictions imposed against migration would not stop the flow of migration. They may even strengthen professional human smuggling and trafficking, which would yield more undesirable effects. Only sound government policies that could facilitate and promote affordable and secured migration and policies that could create a favorable environment in the community of origin, could increase the benefits of migration. If the benefits of migration soar and exceed the costs, the association between the migration and the development will become more visible.

In order to create a favorable environment, policies issued should be able to address the existing problems not only related to migration but also related to their livelihood and security. If the livelihood and human security of those in the rural area are improved, the benefits of migration can exceed the costs and such a favorable environment can ensure that the migration can not only bring favorable effects on the social development of the community through

increased consumption on education and healthcare, increased social capital, increased social connections between the home and host communities, etc., but also create an environment where migrants and their families can save, invest, produce and bring more socio-economic development. Hence, it is important that the human security of the community of origin be improved to bring a more positive association between migration and development. However, there are problems – especially in the rural areas of developing and underdeveloped countries – that threaten every aspect of basic human security.

In the case of Myanmar, although there are some areas such as Rakhine state, Kachin and some parts of Shan state where personal security and community security is limited due to some conflicts, the rest of the country is quite safe. Hence, there is no big problem related to personal and community security in many parts of the country. Likewise, the food security is also not a big threat in Myanmar as farming and cultivation is still possible in many areas. As Myanmar is in the process of democratization, the basic values of democracy that include human rights of people is protected to a large extent compared to the past – although there still is a long way to go – and this situation tremendously helps strengthen the political security in many areas.

In addition, although there are traces of negative environmental impacts in some areas, the government has a strong political will to protect the environment and to promote sustainable development that could strike a balance between economic development, social development and environmental protection. There are a lot of initiatives to achieve a green economy and green growth and as a result, it is not too late to maintain and strengthen the environmental security across the country.

With a view to strengthen the health security, the budget related to health is constantly increased year by year. However, there still are many problems for the government healthcare system in reaching every corner of the country. Although there are many non-government organizations that cooperate with the government to fill the gap between the demand and supply of healthcare services in Myanmar, there still are limitations in covering the whole country, the second biggest country in South East Asia; as a result, the problem related to health security still exists in many parts of the country.

Among all these aspects of human security, people especially in the rural areas are much more vulnerable due to poor economic security. The majority of people in rural areas mostly rely directly or indirectly on the agricultural sector. Due to poor agricultural infrastructure, lack of mechanization, machinery and equipment, the sector cannot secure reliable and adequate income for them. The lack of alternative livelihood options has compounded the problems, meaning that economic security happens to be a major push factor for migration from Myanmar (despite the existence of outbound migration and displaced persons from some conflict areas to a smaller extent compared to economic-induced migration).

Economic security is inversely related to the vulnerability of the agricultural sector under the current situation where alternative livelihood options are still very limited. The higher the vulnerability of the agricultural sector; the lower the economic security. On the other hand, the lower the economic security, the lower the socio-economic conditions of farmers and those who directly or indirectly rely on the agricultural sector in an environment where alternative livelihood options are limited.

Policies linking agriculture, socio-economic development and migration

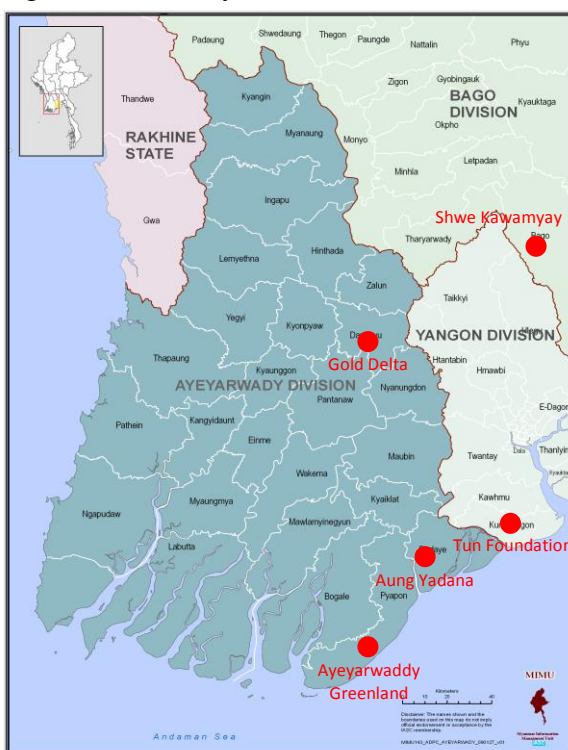
In developing and underdeveloped countries, government policies tend to ignore the multidimensional aspects and focus wrongly on some insignificant areas as elaborated in the **Chapter 6**. The authorities in these countries normally misunderstand that development of the agricultural sector would better the socio-economic conditions of farmers, improve the economic security around them and create the environment where outflows of migration from these areas would decline. It is further misunderstood that provision of credits to farmers would solve all the problems and lead to agricultural development. In fact, the vulnerability of the agricultural sector and farmers' livelihood cannot be improved just by providing credits to farmers. The multidimensional issues in the agricultural sector that include a lack of agricultural infrastructures such as an irrigation system, leveling system, etc., lack of mechanization, machinery and equipment, poor agricultural inputs, etc., should be properly addressed. As long as these issues are not properly addressed, the economic security cannot be improved and socio-

economic conditions of farmers and those who directly or indirectly rely on them cannot be developed.

Most policies related to agricultural development focus mainly on agricultural credits and agricultural inputs such as seeds, fertilizers, pesticides, etc. Although they are important for agricultural development, most policies do not pay adequate level of attention to the improvement of agricultural infrastructures, probably because it requires a bigger amount of investment. A similar misunderstanding also existed in Myanmar. In 2010, many non-government organizations, business associations, private organizations had sprung up to develop the agricultural sector and to improve the livelihood of farmers and those who directly or indirectly rely on them by providing credits in terms of cash and agricultural inputs. Some private organizations established specialized or special purpose companies especially to provide credits and other assistance in terms of agricultural inputs to farmers.

The assistances provided by these specialized or special purpose companies have various impacts on farmers, their livelihoods and socio-economic conditions in their respective areas. Hence, four pilot projects providing credits to farmers implemented by four different special purpose groups that include Aung Yadana group in Daedayae area, Ayeyarwaddy Greeland group in Phyarpone area, Tun Foundation in Kunchankone area, and Shwekawamyay in Kawa area, were studied with a view to assess whether these special purpose organizations and their micro-credit program or migration from these areas could improve vulnerability in the agricultural sector leading to socio-economic conditions of farmers and help improve economic security around them. Out of 143 respondents in these areas, questionnaire surveys were conducted on 103 respondents.

Figure 7.1: Survey site areas



Source: Author's surveys during 2010~13

The surveys were designed for case-control analysis so that they were conducted on project farmers (who are under the micro-credit project providing credits in terms of cash and also in terms of agricultural inputs with a purpose to improve vulnerability of farming, to improve socio-economic conditions of farmers that in turn would strengthen economic security around them) and also on non-project farmers. The project farmers belong to the case group and the non-project farmers to the control group as per the analysis. The number of samples in the control group under each project was set to be equal or higher than that in the case group in order to achieve higher statistical significance. In each analysis, socio-economic scores were calculated as a weighted average of each respondent's housing status scores, household possession and transport status scores, livestock possession status scores and land ownership scores. The statistical analyses to identify the association between the micro-credit projects and the socio-economic status of the farmers could be seen in the boxes as follows;

Box 7.1: Surveys in Daedayae area

The surveys in Daedayae area found that 20 percent belongs to the higher socio-economic status whereas 29.4 percent of those in the control group belongs to the same status. As per the binary logistic regression analysis setting socio-economic status as dependent variable, it is found that probability of respondents in the case group having higher socio-economic status is 40 percent less than that in the control group. However, there is only 41 percent of confidence level.

Table 11: Binary logistic regression analysis

Dependent variables	(1) Higher level of socio-economic status (2) Lower level of socio-economic status
Independent variables	(1) Project respondents (2) Non-project respondents
Reference category	Non-project respondents
Odd ratio	0.60
P-value	0.59

It means that the socio-economic status of farmers under the project is lower than those in the non-project area. It is reasonable that the project has been initiated only for one year and does not have any significant impact on the overall socio-economic status of those under the project.

Box 7.2: Surveys in Phyarpone area

The surveys in Phyarpone area found that the majority of respondent farmers (66.7 percent) in the case group belongs to the higher status whereas less of those (33.3 percent) in the control group belongs to the same level of status and it is statistically significant at 93 percent confident level. It means that majority of farmers under the project tends to have higher level of socio-economic status than non-project farmers. Binary logistic regression analysis as follows also reveals that probability of farmers under the project having higher socio-economic status is about 4 times higher than that of non-project farmers to have the same level of status. And it is statistically significant at 93 percent confidence level.

Table 20: Binary logistic regression analysis

Dependent variables	(3) Higher level of socio-economic status (4) Lower level of socio-economic status
Independent variables	(3) Project respondents (4) Non-project respondents
Reference category	Non-project respondents
Odd ratio	4.00
P-value	0.7

The statistical association between the farmers under the project and higher level of socio-economic status cannot be taken as the positive impact of the project on the socio-economic status since the project has been in an infant stage. Hence, it is highly unlikely that the project is the cause of higher socio-economic status. Instead, it can be interpreted that the project might have selected farmers with higher level of socio-economic status in order to reduce credit risk to some extent.

Box 7.3: Surveys in Kunchankone area

The surveys in the Kunchankone area found that the majority of those in the case group (53.3%) belong to the category of higher socio-economic status. However, confidence level for the statistical significance is very low at only 60 percent. The binary logistic regression analysis also confirms that the probability of farmers in the case group having higher socio-economic status is 1.9 times higher than that of those in the control group.

Table 29: Binary logistic regression analysis

Dependent variables	(5) Higher level of socio-economic status (6) Lower level of socio-economic status
Independent variables	(5) Project respondents (6) Non-project respondents
Reference category	Non-project respondents
Odd ratio	1.9
P-value	0.4

The above statistical analysis suggests that there is some level of association between farmers under the project and higher socio-economic status. However, there is no statistical significance. The project mostly might have selected the farmers with higher socio-economic status having higher probability to pay back credits.

Box 7.4: Surveys in Kawa area

The surveys conducted in the Kawa area found that respondents in the case group belong to higher category of socio-economic status whereas only 25 percent of non-project farmers belong to the same category. The following binary logistic regression analysis also confirms that probability of farmers in the case group having higher level of socio-economic status is about 4.5 times higher than that of those in the control group.

Table 35: Binary logistic regression analysis

Dependent variables	(1) Higher level of socio-economic status (2) Lower level of socio-economic status
Independent variables	(1) Project respondents (2) Non-project respondents
Reference category	Non-project respondents
Odd ratio	4.8
P-value	0.001

As in the other areas, it is not likely that the early stage of credit providing project has significant positive effect on overall socio-economic status of farmers under the project. It is more likely that the project selected farmers who are better off and have adequate capacity to pay back the credits in time. The credit programme in this area is more or less similar to selling agricultural inputs on credit (instead of giving necessary assistance to farmers). However, the technical advice and knowledge provided by the local partner to its connected farmers is found to be better and more effective than other areas in the Ayeyarwaddy Delta.

The surveys on each micro-credit project revealed that these projects are unlikely to be associated strongly with the improved socio-economic conditions of farmer mainly because

there are many other issues to be addressed to develop the agricultural sector, to improve the socio-economic conditions of farmers and to enhance the economic security around them.

As the main policy then was to provide credits to farmers, it was found to be ineffective at improving their socio-economic conditions. However, it was effective, to some extent, that farmers could borrow at an interest rate lower than that of the informal credits. Some advantages of the micro-credit projects could be seen in the following boxes;

Box 7.5: Advantages of micro-credit projects

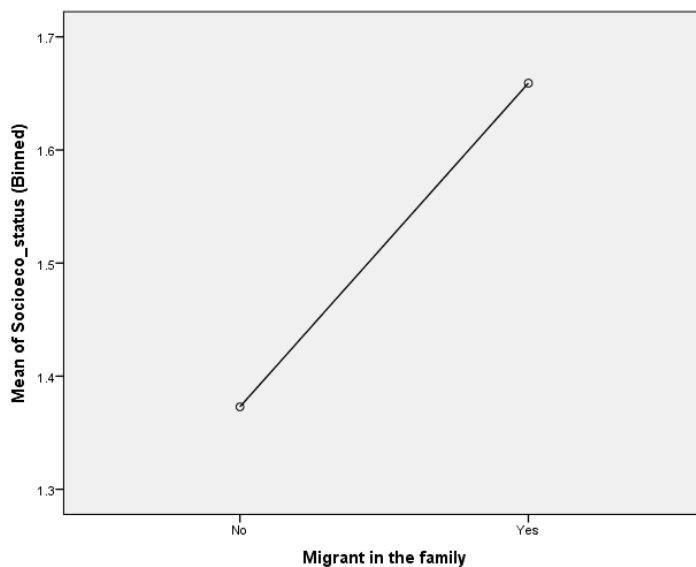
- After the introduction of cheaper credits by special purpose companies at the interest rates varying from 2 to 3 percent per month, expensive market interest rates become stable around 5 percent per month. If the availability of cheaper credits can be extended, it is highly likely that market interest rate will fall to some extent.
- Most farmers have previous debt with high interest rates. The majority of them do not use the whole amount of credit for the agricultural inputs. They use a certain amount of credit to pay back previous debt and some amount is used for consumption and livelihood. It is more common during the survey time in the Ayeyarwaddy Delta where most farmers still suffer from heavy debt burden due to the Cyclone Nargis. As a result, although the whole amount of credits does not get channeled to agricultural farming and development, it helps a lot for the livelihood and to reduce heavy debt burden.
- Due to exposure with credit giving organizations, NGOs, etc., traditional farmers have more chance to acquire knowledge related to farming technique (such as how transplanting method can produce higher yield, how to transplant, which fertilizer is better for plants and/or soil, etc.). However, such exposure is still limited in some areas. Among the various projects that have been evaluated, more farmers in Daedayae township (under Aung Yadana Social Association), Phyarpone township (under Ayeyarwaddy Greenland), and Kawa Township (under Shwekawamyay), have more chance to have such exposure and learn more farming technique.

Apart from the above-mentioned advantages, it cannot be concluded that the micro-credit projects in Myanmar implemented by specialized or special purpose organizations had improved the socio-economic conditions of farmers and the economic security around them. It was evident in the following years during which weather related problems (such as early or late

rainfalls) occurred that had led to situations where a majority of farmers experienced crop losses and could not repay the credits. As a result, some farmers had to borrow from the informal market at high interest rates to repay to the special purpose organizations.

On the other hand, in these surveyed areas, it was found that farmers having a migrant family member were associated with higher socio-economic status. The following mean comparison shows that farmers having a migrant family member tend to have higher weighted averaged socio-economic scores.

Figure 7.2: Statistical mean comparison



Source: Author's surveys during 2010~13

The binary logistic regression also confirms that the probability of households (with a migrant family member) having higher socio-economic scores is 3 times higher than that of those with no migrant family member and it is statistically significant having the P-value of 0.005.

Table 7.1: Binary logistic regression analysis

Dependent variables	(1) Higher level of socio-economic status (2) Lower level of socio-economic status
Independent variables	(1) Household with a migrant family member (2) Household without a migrant family member
Reference category	Household without a migrant family member
Odd ratio	3.2
P-value	0.005

Source: Author's surveys during 2010~13

It is also found that the majority of households that are involved in the micro-credit project were found to have at least one migrant family member, meaning that the higher socio-economic status is probably associated more with migration. However, higher status of socio-economic conditions of each household may not lead to socio-economic development of the community of origin as a whole unless a favorable environment where these households having better socio-economic conditions able to save, consume, and invest in the productive sectors. Unless the multidimensional policies to address multidimensional issues to create a favorable environment are developed, the contribution of migration and other projects like micro-credit projects towards socio-economic development of the community as a whole would still be limited.

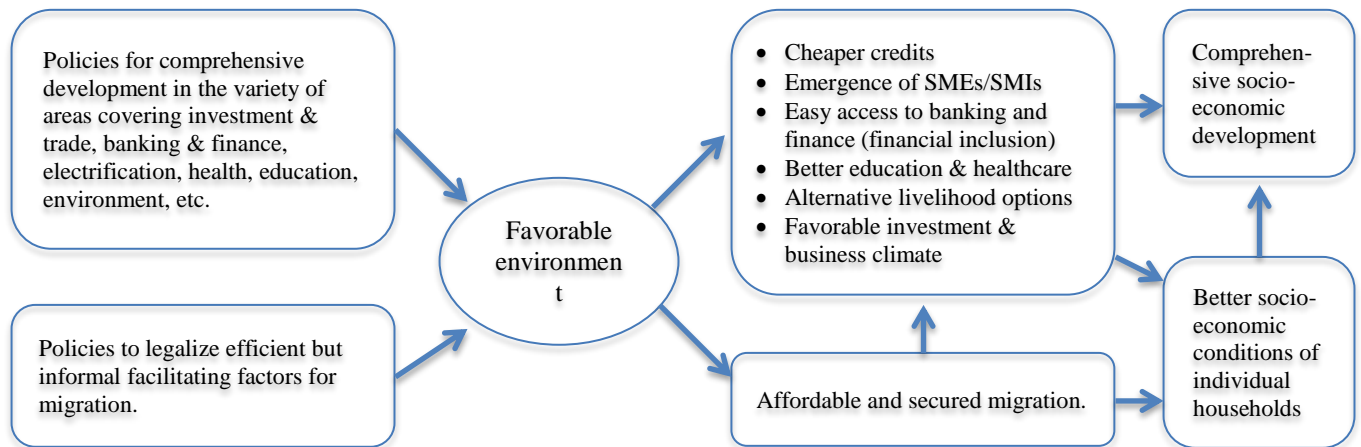
The surveys also found that despite the increased use of funds in education and healthcare to some extent, a majority of respondents spent for house repairs, for making informal loans to other households, etc., that are not considered to be productive investments. Due to the limited access to formal banking and the financial sector, the link between savings and investment through the intermediary role of the banks is not visible.

Less than ten percent of the Myanmar population has access to formal banking and the financial sector. If the accessibility to formal banking and the financial sector through which

migrants and their family members could convert their savings into more productive investments were higher, the association between the migration and development would have been more visible. There are 23 private banks in Myanmar as of early 2015 having 1011 branches across the whole country. It means that there is one branch in every 660 square kilometer or one branch for every 50,841 people. The number of bank branches is still very low if it is compared even to Thailand, one of its neighboring countries, where there is a branch in every 73 square kilometer or a branch for every 9,588 people. The electronic financial services such as ATMs, Point of sales (POS) terminals, mobile banking, mobile payment, etc., are still not extensively available across the country so that accessibility of those in rural areas to financial services is still very low.

The government policies should focus on the comprehensive development in a wide range of economic sectors rather than focusing on some scattered areas such as micro-credit. In addition, policies to legalize informal facilitating factors for migration that are normally more effective than formal arrangements are to be developed with a view to enable affordable and secured migration and this could lead to a situation where the benefits of migration exceed the costs. By creating a favorable environment where there is a favorable investment/business climate enabling the small and medium sized enterprises and industries (SMEs/SMIs), increased access to banking and financial products, alternative livelihood options for workers, better education and healthcare programs, the migration and remittances can contribute more to the socio-economic conditions of migrants and their families and in turn towards the socio-economic development of the community as a whole.

Figure 7.3: Linkage between migration and development



Source: Author's surveys during 2008~13

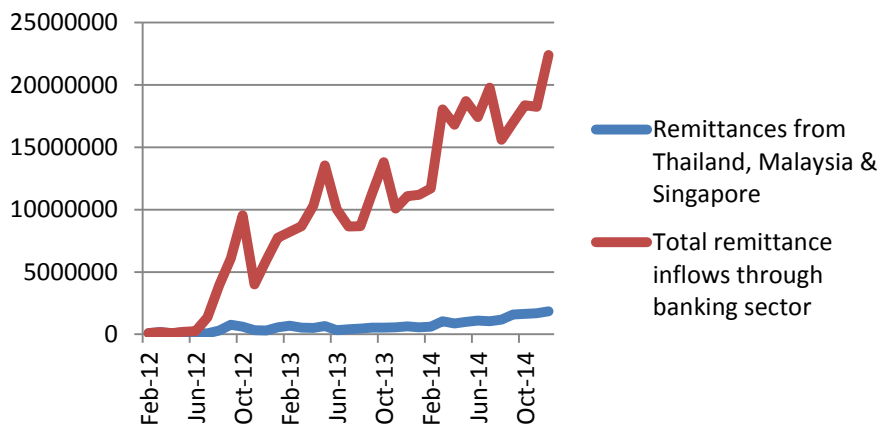
Whether or not benefits of migration exceed costs and to what extent migration could contribute towards socio-economic developments depends on to what extent a favorable environment (in which convenient, affordable and secured migration channels are available; alternative livelihood options are open up; and policies on comprehensive rural developments are effectively implemented) could be created.

Migration and remittances alone can only improve the socio-economic conditions of individual households. It takes a longer time to have the increased income and increased consumption of these individual households start a multiplier effect and contribute towards socio-economic development of a community as a whole. Policies to improve multidimensional economic sectors can contribute towards such comprehensive developments and create an environment where migration and remittances can contribute more to development as Western European countries have in recent years moved to coordinate migration control and development policies more closely, in order to promote the concept of “co-development”. (Newland, 2003, p.8).

The international remittances from migrants normally come through various informal channels. The banks in Myanmar started accepting the international remittances only in 2012. The amount of international remittances from migrants in many countries escalated

tremendously in the past three years. However, the majority of remittances are still coming through various informal channels due to the fact that majority of migrants who are mostly unskilled or semi-skilled workers in major receiving countries such as Thailand, Malaysia, etc., still do not have access to the formal banking sector which is still weak (Turnell, Vicary & Bradford, 2008, p.70). In the case of Singapore, where there are a lot of Myanmar professionals and skilled workers, a majority of whom have access to the banking sector, the informal remittances through the *hundi* system has been quite efficient and widely used for decades, meaning that the majority of migrants rely more on such *hundi* system which they are familiar. As a result, the amount of remittances from Thailand, Malaysia and Singapore, where there are a lot of Myanmar migrants, accounts for less than ten percent of total amount of remittances coming through the banking sector.

Figure 7.4: Inflows of remittances from migrants through the banking sector



Source: Author's analysis based on data from Central Bank of Myanmar

It is found that the amount of remittance through the formal banking system has increased from US\$ 31.69 million in 2012 to US\$ 205.29 million in 2014. As per the survey conducted on 1,000 Myanmar migrant workers in Thailand, the remittances through the formal banking channel account for only about 6 percent of the total amount of remittances. The survey found that 4 percent of remittance payments is hand-carried by the migrants themselves, 22

percent by carriers/traders, 22 percent by family members, 44 percent via *hundi* system, and 2 percent via other methods (Turnell, Vicary & Bradford, 2008, p.77). As Thailand is a neighboring country of Myanmar, remittance payments delivered via friends/families and carriers/traders coming back to Myanmar across the borders are very common; whereas, such delivery systems are not too common in the countries that do not border with Myanmar. In these countries, the only system that is commonly used by Myanmar migrants is the *hundi* system.

Although the findings of the survey in Thailand may not be representative to remittance payments from Myanmar migrants in other countries, if it is taken as a rough estimate, the total amount of remittances in 2014 could be about US\$ 3.42 billion, which can be increased if the banking sector's international remittance system and cross-border mobile banking and payment system become more developed.

Although contribution of migrants' remittances towards socio-economic development of the community as a whole depends on many other factors, they play an important role as they contribute to a great extent towards socio-economic status of migrants' left-behind families. In order to identify impacts of remittances on socio-economic status of migrants' left-behind families, and to find out statistical associations between remittances and other factors such as migrants' income, duration of migrants' stay and migrants' plan for return, logistic regression analyses are conducted based on the data collected during the surveys conducted in 2008 and followed up in 2010 at two places in Dry-zone which are at the early introductory stage of migration lifecycle, one place in Dry-zone which is at the late introductory stage and the Mon state which is at the early maturity stage..

The following logistic regression model found that the probability that migrants sending more amount of remittances have families living in an area that is in an early introductory stage of the migration lifecycle with higher socio-economic status is 3.96 times higher than that of migrants sending less amount of remittances. Likewise, the probability that migrants sending more remittances have families living in an area at a late introductory and early maturity stage of the migration lifecycle with higher socio-economic status is 1.66 times higher than that of migrants sending less remittances. In other words, both in the areas at "early introductory stage" and "late introductory-early maturity stage" of the migration lifecycles, families of migrants

who send more remittances tend to have higher socio-economic status compared to those of migrants who send less remittances.

Table 7.2: Binary logistic regression analysis

Dependent	- Socio-economic status of families in the area at the early introductory stage of migration lifecycle. - Socio-economic status of families in the area at the late introductory and early maturity stage of migration lifecycle.
Categorical covariates	- Lesser remittances - More remittances
Reference category	Less remittances
Odd ratios	- 3.966 - 1.667
P-values	- 0.210 - 0.502

Source: *Questionnaire surveys during 2008~13*

It is further found that whether a migrant sends more remittances or less depends on his/her income and duration of stay in the host country. The following analyses found that probability of migrants having higher income to send more remittances to their left-behind families (in the areas at early introductory stage of migration lifecycle) is 2.776 times higher than those having lower income and likewise, probability of migrants having higher income to send more remittances to their left-behind families (in the areas at late introductory and early maturity stage of migration lifecycle) is 3.056 times higher than those having lower income. In other words, both in the areas at “early introduction stage” and “late introductory & early maturity stage” of migration lifecycle, families (of migrants who have higher income) tend to receive more remittances compared to those (of migrants who have lower income). During the surveys, it was commonly found that migrants having higher level of income send more amount of remittances to their left-behind families. During an interview survey with a migrant couple in Mahachai of Thailand, it was found that after they got married, they could send more remittances as they tried to live only on the income of the husband and the whole amount of wife’s income was sent back to their left-behind families.

In addition, it is also found that probability of shorter-stay migrants sending remittances to left-behind families in the areas at the “late introductory and early maturity stage” of the

migration lifecycle) is actually 2.222 times higher than that of longer-stay migrants. In other words, in the areas at the “late introductory and early maturity stages” of the migration lifecycle, left-behind families (of migrants who have stayed longer, that is more than three years in host countries) tend to receive lesser remittances compared to those of migrants who have stayed a shorter time, that is less than three years. It is commonly found in most places that short-stay migrants tend to send more remittances while long-stay migrants tend to send less remittances, however, it is found to be an opposite in the places which are at the “early introductory stage” of migration lifecycle due to the fact that they are still struggling in host countries and could not send more amount of remittances. Hence, on the contrary, the probability of shorter-stay migrants sending remittances to left-behind families in the areas at an early introductory stage of the migration lifecycle is lower than longer-stay migrants. In other words, in the areas at an early introductory stage of the migration lifecycle, left-behind families of shorter-stay migrants receive less remittances. In the areas at an early introductory stage of the migration lifecycle, migration is inconvenient, costly and unsecured. This means that migrants coming from these areas are negatively (financially) impacted and are not in a position to send more remittances in shorter term. As a result, left-behind families in these areas tend to suffer from the pre-first-round effects of migration for some time.

Table 7.3: Binary logistic regression analysis

Dependent	- Remittances sent by migrants to left-behind families in the area at early stage introductory stage of migration lifecycle. - Remittances sent by migrants to left-behind families in the area at late introductory and early maturity stage of migration lifecycle.
Categorical covariates	- Lower migrants’ income - Higher migrants’ income
Reference category	Lower migrants’ income
Odd ratios	- 2.776 - 3.056
P-values	- 0.354 - 0.133

Source: Questionnaire surveys during 2008~13

Table 7.4: Binary logistic regression analysis

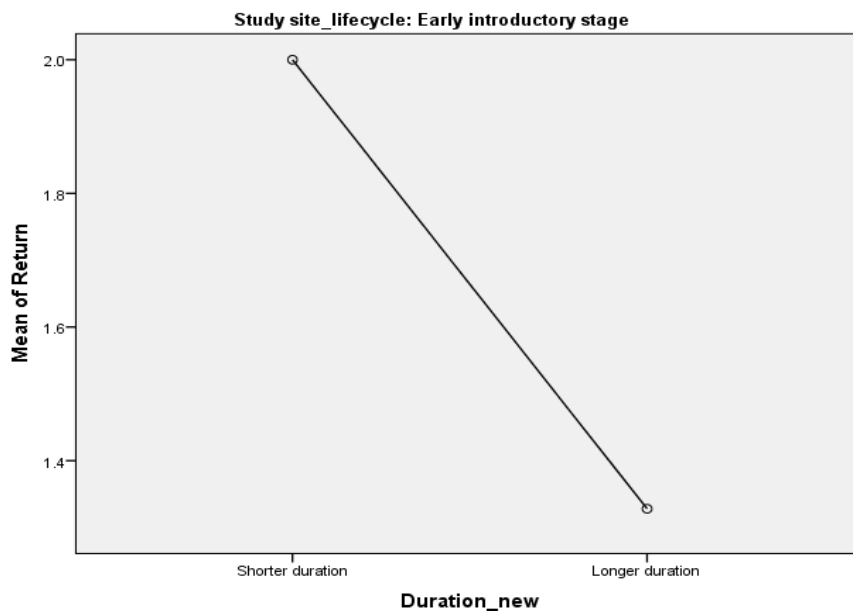
Dependent	Remittances sent by migrants
Categorical covariates	- Shorter duration of migrants' stay in the host country - Longer duration of migrants' stay in the host country
Reference category	Shorter duration of migrants' stay in the host country
Odds ratios	- 0.232 - 2.222
P-values	- 0.091 - 0.321

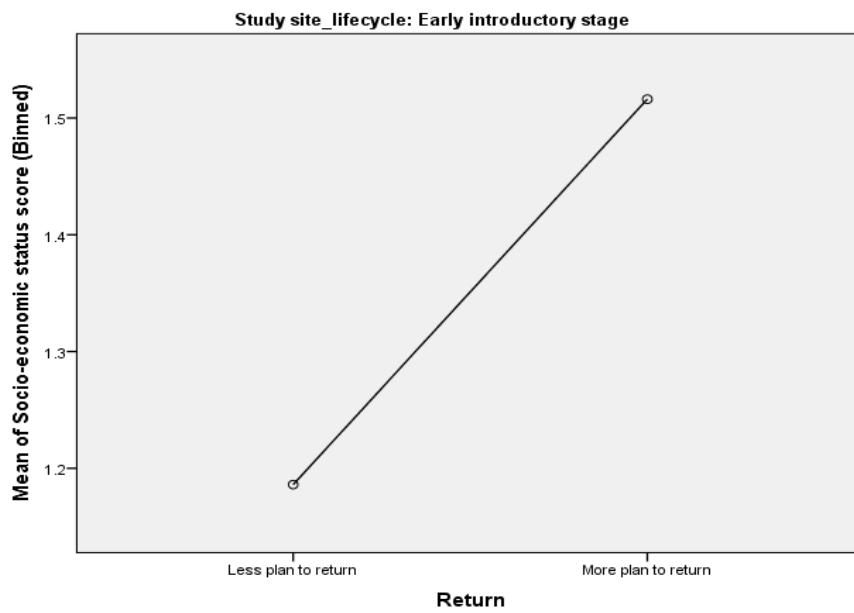
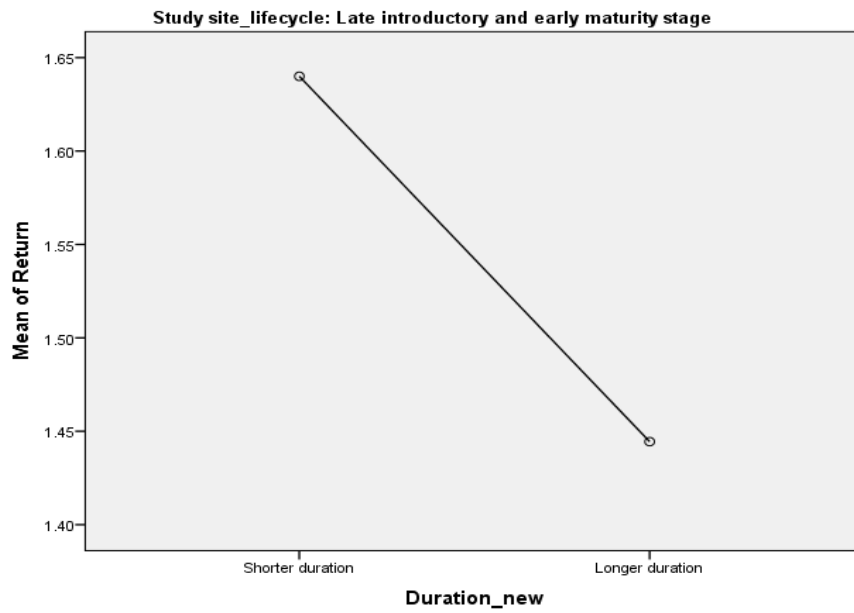
Source: Questionnaire surveys during 2008~13

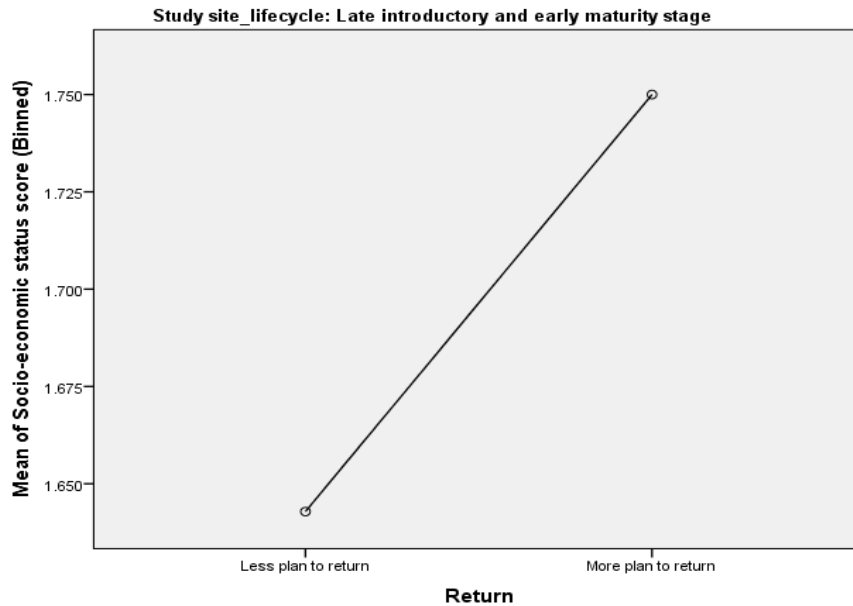
The analyses found not only the statistical association among “remittances”, “migrants’ income”, “duration of migrants’ stay in the host country” and socio-economic status (of migrants’ left-behind families), but also an association with migrants’ plan for return to Myanmar. It is found that the longer the migrants stay in the host countries, the less is their plan for return and in addition, it is further found that probability of migrants with left-behind families having higher socio-economic status to plan more for return is higher than those with left-behind families having lower socio-economic status. In other words, majority of migrants of families with better livelihood condition have more plan to return.

These statistical associations are depicted in the following mean comparison plots.

Figure 7.5: Mean comparisons







Source: Questionnaire surveys during 2008~13

The summary of the findings of statistical association between whether migrants send more or less amount of remittances and other factors such as migrant’s length of stay, migrants’ income, and socio-economic status of their left-behind families are as follows;

Table 7.5: General findings

Stage of migration lifecycle	Shorter-stay migrants	Longer-stay migrants	Higher income migrants	Lower income migrants	Higher socio-economic status	Lower socio-economic status
Early migration -lifecycle families/ areas	<i>(Send less)</i> Probability to Send larger amount and more frequent	<i>(Send more)</i> Probability to send larger amount and more	<i>(Send more)</i> Probability to send larger amount and more	<i>(Send less)</i> Probability to Send larger amount and more frequent	<i>(Send more)</i> Probability to send larger amount and more	<i>(Send less)</i> Probability to Send larger amount and more frequent

Stage of migration lifecycle	Shorter-stay migrants	Longer-stay migrants	Higher income migrants	Lower income migrants	Higher socio-economic status	Lower socio-economic status
	remittances is lower	frequent remittances is higher	frequent remittances is 2.776 times higher	remittances is lower	frequent remittances is 3.966 times higher	remittances is lower
Later migration-lifecycle families/ areas	<i>(Send more)</i> Probability to send larger amount and more frequent remittances is 2.222 times higher	<i>(Send less)</i> Probability to send smaller amount and less frequent remittances is higher	<i>(Send more)</i> Probability to send larger amount and more frequent remittances is 3.056 times higher	<i>(Send less)</i> Probability to send larger amount and more frequent remittances is lower	<i>(Send more)</i> Probability to send larger amount and more frequent remittances is 1.667 times higher	<i>(Send less)</i> Probability to send larger amount and more frequent remittances is lower

Source: Surveys in the Dry-zone and Mon state in 2010

In addition, the summary of findings also includes statistical association between whether or not migrants plan more to return home and other factors that include migrants' length of stay and socio-economic status of their left-behind families are as follows;

Table 7.6: Survey findings

Stage of migration lifecycle	Shorter-stay migrants	Longer-stay migrants	Higher socio-economic status	Lower socio-economic status
Early migration-lifecycle families / areas	<i>(More plan for return)</i> Probability to plan more for return is higher	<i>(Less plan for return)</i> Probability to plan more for return is lower	<i>(More plan for return)</i> Probability to plan more for return is higher	<i>(Less plan for return)</i> Probability to plan more for return is lower

Stage of migration lifecycle	Shorter-stay migrants	Longer-stay migrants	Higher socio-economic status	Lower socio-economic status
Later migration-lifecycle families / areas	<i>(More plan for return)</i> Probability to plan more for return is higher	<i>(Less plan for return)</i> Probability to plan more for return is lower	<i>(More plan for return)</i> Probability to plan more for return is higher	<i>(Less plan for return)</i> Probability to plan more for return is lower

Source: Surveys in the Dry-zone and Mon state in 2010

Based on the above-mentioned summary findings, conclusions drawn from the findings could be seen as follows:

Table 7.7: Survey findings

Summary of findings	Conclusion drawn from the findings
Migrants with higher level of income may send more remittances	Majority of Myanmar migrants are paid less than the minimum wage which tends to be lower than wages of those (who are citizens of host countries). Hence, as the averaged level of income that migrants earn can be considered lower, migrants with lower level of income are still struggling to meet both ends. As a result, those with lower level of income find it difficult to send more remittances compared to those with higher level of income. Hence, the survey found that left-behind families of migrants having lower level of income received less amount of income and it is true in both places that are at “early introductory stage” as well as “late introductory and early maturity stages” of migration lifecycle.

Summary of findings	Conclusion drawn from the findings
<p>Long-stay migrants may send less amount of remittances</p>	<p>Short-stay migrants tend to be concerned about their living costs in host countries (that are higher than they used to be in their home communities) and tend to save money as much as they can, while long-stay migrants are already familiar with higher living costs and tend to live in line with these costs. In some cases, long-stay migrants get married in a host country and spend more for their own families in host countries rather than sending more remittances to their left-behind families in home communities. As a result, long-stay migrants tend to send less amount of remittances.</p> <p>However, it is found to be not true for migrants who came from places that are at early introductory stage of migration lifecycle. Since the migration from these places are just in an early stage, the network in host countries is not yet well established, meaning that probability of them having better and reliable employment in a short time is lower compared to those coming from the areas where strong network is already established. As a result, migrants who have just migrated from these places (that are at early introductory stage of migration lifecycle) tend to send less amount of remittances.</p>
<p>Left-behind families of migrants sending more amount of remittances may have higher socio-economic status</p>	<p>When migrants start sending remittances, their left-behind families start having direct benefits. It is called first-round effect of migration through remittances which has direct benefits on migrants' left-behind families. After some times later, these families spend more and consume more starting to have multiplier effects in the economy around them which starts having the second-found effect of migration through remittances. Hence, it is quite common that left-behind families receiving more amount of remittances tend to have higher direct benefits and have higher socio-economic status compared to those receiving less amount of remittances.</p>
<p>Long-stay migrants may have less plan to return home</p>	<p>Long-stay migrants might have integrated with the host communities or may have been staying with their partners who they found and married in host countries and may have less plan to return home. However, majority of them send their children once they were born in host countries back to their home towns as they always have in their mind to return home one day.</p>

Summary of findings	Conclusion drawn from the findings
Migrants with left-behind families having higher socio-economic status may have more plan to return home	Poor left-behind families may have discouraged migrants to return home as they would not have any opportunity at home if they return. On a contrary, families with higher socio-economic status may have encouraged migrants to return home, do some small businesses by taking the opportunity of economic and political reforms taking place in Myanmar.

Source: Surveys in the Dry-zone and Mon state in 2010

While there are multiple factors affecting the level of remittances, the remittances also have multiple effects not only on migrants' left-behind families but also on other economic sectors either directly or indirectly. In the case of Myanmar, the level of remittances amount to US\$ 205.29 million coming via the banking system helps the private banks in Myanmar a lot. The private banks in Myanmar started foreign banking businesses quite recently. Many of them started installing SWIFT³⁴, and started establishing correspondent banking networks. As they started foreign banking businesses recently, the correspondent networks are not wide enough to facilitate international trades yet; as a result, traders still rely on the state-owned banks, i.e. Myanmar Foreign Trade Bank (MFTB) and Myanmar Investment and Commercial Bank (MICB), for their exports and private banks for imports, meaning that Nostro account balances of private banks are constantly being depleted while those of state-owned banks are being replenished.

As a result, the private banks often experience foreign currency liquidity shortages, which is not easy for them to solve under the current situation where they still do not have interbank credit lines with their overseas correspondent banks. Under such a difficult situation, remittances from migrants through the banking system go straight into their Nostro accounts and help support the banks' foreign currency liquidity shortage to some extent. If most remittances of the migrants go through the formal banking system, the problem related to

³⁴ The Society for Worldwide Interbank Financial Telecommunication (SWIFT) provides a network that enables financial institutions worldwide to send and receive information about financial transactions.

depletion of the banks' Nostro FX balances due to increased imports would be addressed to a large extent.

The contribution of the remittances either via formal or informal channels towards the socio-economic development could be significant only if there is a favorable environment, where migrants and their families can invest and produce through household micro- or small- and medium-sized businesses, can save and convert into productive investment by using the intermediary role of the banks, eventually can have consumption increased, can open up more employment opportunities, can create more alternative livelihood options that could lead to increased regular income for more people resulting in increased level of consumption that will further produce a multiplier effect in the economy. If a favorable environment cannot be created, the link between migration (and related remittances) and the development would still be a wish.

Implications of policies for migration, migrants and their families

This Chapter highlights the necessity of the holistic policies in various economic sectors in home communities as well as in host countries that could strengthen facilitating factors in creating a favorable or enabling environment where migration could be linked to socio-economic development. It is also highlighted that policy makers should avoid fit-for-all blanket policies developed based on the national interest but to incorporate local knowledge and perception and behavior of migrants and their families in the process of policy making. In addition, while tailor-made policies are necessary, macro-level policies are also essential to ensure macroeconomic stability, which is also a key factor in creating an enabling environment (as elaborated in the *Chapter 8*), where migration and socio-economic development could be linked.

In this Chapter, how the policy on special purpose companies in promoting rice farming has failed and instead how migration has positive effects on respondent migrants' households in the survey are also highlighted. The Chapter highlights the fact that specific policies on migration do not make migration contribute towards broader economic development; instead, multidimensional policies in various economic sectors are required to ensure that migration not only benefits migrants and their families but also the broader economy as a whole. Without

implementing synchronized policies in multidimensional areas to establish an enabling environment, contribution of migration towards socio-economic development would still be limited.

Although facilitating factors in various economic sectors in home communities as well as in host countries are important, some of them are illegal or in the grey area although they can be considered licit or socially legitimate. However, some policy makers focus on a single aspect and tend to come up with restrictive policies to crush these facilitating activities driving them from grey into black area. One example is the policy that drives away traditional brokers or migration facilitators (majority of who are returned migrants or migrants' families taking the advantage of the network they have established with those in the host countries) as they are not registered overseas employment agents. As a result, migration (across the borders) which has existed traditionally is becoming more costly. It is elaborated in the *Chapter 3* that high cost of migration is a key factor having negative impacts on migrants' left-behind families. In addition, policies related to migration such as family remittance system, minimum number of migrants to be sent by an agency, minimum wage, temporary passport, etc., and policies that are not related to migration that are elaborated in the *Chapter 9* have negative impacts on migrants and their families.

One example of policy that is not directly related to migration but has a direct impact on migration is the policy that caps the lending rate and the policy that restricts the informal lending. It is also elaborated in the *Chapter 5* that the policy that caps the lending rate has made formal credits get crunched while the policy restricting the informal lending has made informal credits more expansive leading to higher costs of migration. The policy should not have restricted the informal lending; instead, it should have legalized them so that lending market will become more competitive having downward pressure on lending rates that would result in lower migration cost.

Another example of policy that was developed with a good intention (i.e. with the intention to create a facilitating factor or mechanism in a host country) but has undesirable consequences in some cases is the policy to establish a legalization mechanism through the MOU signed between Myanmar and Thailand, which is also elaborated in the *Chapter 9*.

Although the policy intention is good, some provisions of the MOU taking into consideration of the host country's national interest (i.e. to shorten the stay of Myanmar migrants once they become legal with a view to protect local employments) have discouraged many long-stay Myanmar migrants in Thailand to get legalized. Hence, although policy intention is good, perception of migrants and other stakeholders were not incorporated when the MOU was drafted, meaning that conditions in the MOU strongly reflect perceptions of policy makers with their own national interest. Many employers in Thailand hire Myanmar migrants (despite the fact that they may not be legal) because their wages in most cases are lower. These employers may not be encouraged to legalize their workers or to hire them under the MOU as the employers may not be able to pay standard minimum wages. In addition, the legalization mechanism has become inconvenient and costly for Myanmar migrants in many cases.

The above-mentioned are some examples of policies that (despite their good intention) have had undesirable side effects or complications (in some cases) having negative impacts on migrants or their families. These impacts have made migration costly and inconvenient, meaning that migration in turn has negative impacts on migrants and their families. It means that policies may have direct effects on migrants and their families and may also have indirect effects on them through migration process.

Chapter 8

Policies to ensure Stability for better Migration

Previous *Chapter 4, 5 and 6* elaborated on reform policies in various sectors and how they should be coordinated to establish a visible link between migration and wider socio-economic development which was further highlighted in *Chapter 7*. In each chapter, policies in various economic sectors and their implications on migration, migrants and their families were elaborated. Furthermore, in each chapter, it was also discussed how policies in these sectors that were developed with good intentions could have resulted in undesirable outcomes for various stakeholders that include migrants and their left-behind families in the home communities and could have unintentionally encouraged wider informal practices. In *Chapter 9*, it is discussed on how policies to crush these informal practices before convenient, affordable and secured practices are made available could push many people from the grey area to the black area and on how illegal but licit activities may be legalized to be able to absorb informal activities into formal ones.

In this *Chapter 8*, it is highlighted that, despite the need for developing coordinated and holistic policies in various sectors to ensure the contribution of migration towards socio-economic development as elaborated in *Chapter 7*, the foundation requirement of all is the “stability” without which no policy for development would work in any sector. This chapter further elaborates on the need for striking the balance between higher economic growth, lower or stable inflation and lower unemployment in ensuring macro-economic stability and also the need for maintaining political stability. It focuses on the fact that the stability in these areas coupled with other coordinated policies in various economic sectors are important to make the benefits of migration exceed its costs leading to a situation where migration can contribute towards socio-economic development of home communities as a whole.

Macroeconomic stability and migration

Many developing and underdeveloped countries normally struggle for macroeconomic stability, without which the country is vulnerable to external shocks³⁵. Unlike other developed countries, where markets are well functioning and necessary instruments are available to steer their markets and economies, a developing country like Myanmar, having limited financial instruments with immature markets, finds it difficult to maintain stability especially when they are exposed to certain external shocks. Prior macroeconomic reform, which ensured low inflation and reasonable levels of public and external debt, was extremely helpful to some emerging markets in withstanding the shocks created in the Asian Financial Crisis (Wise, Armijo & Katada, 2015). However, in the case of Myanmar, the macroeconomic reforms are just started and the economy is still struggling with high inflation and constantly rising public and external debt. As the capital account is not yet liberalized, the impacts of Asian Financial Crisis and Global Economic Crisis on Myanmar were indirect, slow and not as severe as they were on countries where capital flows are free open.

Myanmar, similar to other developing and underdeveloped countries has higher economic growth and is being followed by rising inflation. The inflation is still hard to be controlled as the government, implementing multiple reforms in many areas still needs to spend more for necessary infrastructural developments resulting in increasing budget deficits and external debt. On the revenue side, tax holidays granted to investors to induce more foreign direct investments and to encourage domestic investments result, inefficient institution and tax collection system have resulted in lower tax to GDP ratios. Increased government spending and increased investments are in turn followed by increased credit growth of the banks to an expected level of nearly 50 percent every year.

In addition, current account deficits are being experienced due to increased importation of capital goods while productivity and exports have not yet picked up. The national debt is also increased as it is needed to borrow offshore in foreign currencies to fund key infrastructural developments resulting in increased national debt and increased currency risk due to the lack of

³⁵ Currency and interest rate fluctuations in the Global market are examples of external shock.

basic derivative securities such as currency swaps and forwards, as hedging instruments. Increased current account deficits, increased inflation, increased liquidity in the economy, increased capital flows through various legal and underground channels and declining foreign exchange reserves, result in currency fluctuations or more like currency depreciation, which cannot still be taken advantage of for export competitiveness while the productivity and exports are still low.

All these common factors, such as high inflation, higher long term interest rates due to high inflation expectation, increasing national debt relative to GDP, increasing current account deficits, low currency stability and high unemployment rate, could result in high macroeconomic instability.

Having a high economic growth of 7-8 percent consecutively in the past years, it is not easy to maintain the level of inflation at 2-3 percent. In addition, the current account deficits have increased tremendously due to the increased imports of capital goods; the national debt rises due to increased borrowing from abroad; currency started to depreciate due to many factors that include, but not limited to, current account deficits, speculations and external impacts such as Chinese market instability, the Fed's tapering of bond purchase as well as its plan for rate hikes, etc.

Although the relevant authorities in Myanmar have been implementing all possible monetary and fiscal policies to control the situation, effective policy transmission has still not been achieved due to limited policy tools and instruments. Nurturing necessary financial markets (such as secondary bonds market, swap/forward markets, etc.) and developing necessary financial instruments take time to go through proper sequences. As it is still difficult even for developed countries having advanced and sophisticated policy tools and instruments to stabilize their macroeconomics environment especially after the Global Economic Crisis in 2008, it is not a strange thing that it is still a big challenge for a developing country like Myanmar. On the other hand, the sophisticated policy tools and instruments implemented by developed countries to maintain their macroeconomics stability such as expansionary policies of many developed nations around the world and contractionary policy being planned by the Fed, unintentionally have ripple effects on other countries. Amid the criticism on the developed

countries for creating such ripple effects, they are in a position to continue implementing various tools to maintain their own internal macroeconomic stability instead of worrying on the ripple effects that they have unintentionally created on other countries.

Such ripple effects have much more negative impacts on the developing countries, where the capital account is liberalized. Although the impacts on a developing country like Myanmar, where capital flows are still restricted, could be limited, Myanmar is not at all insulated from them as they come in indirectly with various extent of lag effects. As a result, developed countries such as EU fighting against negative inflation as well as developing countries like Myanmar fighting against high inflation have different types of macroeconomic instability to manage and such instability in turn has various adverse effects on the community as a whole, which includes migrants and their families.

The higher level of inflation, which is a macroeconomic factor, places different types of burdens on the migrants' families in the community of origin. It decreases their purchasing power, leading to lower consumption which limits the multiplier effect in the economy. As increasing inflation tends to hurt poor people more, migrants' families in Myanmar, a majority of whom are poor living in rural areas, suffer the most. High inflation tends to create negative real interest rates discouraging most people from saving; instead, encouraging them to speculate on rising prices and to make unproductive investments on various assets such as properties, real estates and gold for the speculative purpose.

In addition, high inflation tends to raise lending rates in the informal financial market, which is chiefly depended on by migrants and their families. As a result, the costs of migration, which is an important determinant of migration to be more beneficial, can rise tremendously resulting in a situation where the benefits of migration can easily become diminished. As the level of inflation in Myanmar is maintained at 6-7 percent level after 2011, before which it was in the double-digits, the interest rates in the informal financial sector in rural areas had declined from 15-20 percent per month (i.e. 180-240 percent per annum) to about 5-6 percent per month (i.e. 60-72 percent per annum). It is also attributed to the increased availability of credits provided by microfinance companies and some specialized or special purpose companies lending to farmers. Although the retail interest rates of the banks in Myanmar may not largely

be affected by increased level of inflation in a short time, as they currently are still fixed within a band by the Central Bank, migrants and their families in rural areas still do not have easy access to the banks. As a result, the impacts of inflation on informal interest rates have direct impacts on their livelihood and on the costs of migration, which is either funded by the savings of their families and/or by borrowing from the informal market.

The negative impacts of high inflation on businesses also tend to have an indirect affect on the community. As the majority of businesses still do not have full access to formal credits from the banks, they have to rely partly or fully on the informal credit market, meaning that the increased inflation tends to raise the cost of borrowing on short and longer-term debt. Social problems of workers due to declining real income could lead to labor strikes, giving pressures on the businesses to increase wages, resulting in a rise in unit labor costs and lower profits for businesses. Prolonged increased inflation tends to make exports less cost competitive in world markets, resulting in reduced export orders, lower profits for exporters and all businesses in the supply chain up to primary producers, which could eventually lead to lower jobs or higher unemployment in near future. A fall in exports can further worsen the country's trade balance and can trigger negative multiplier and accelerator effects on national income and employment. In the end, the effect of high inflation on businesses would result in indirect but more severe adverse effects on the community as a whole.

In addition, the effect of increased inflation on businesses tends to have adverse indirect effect on individuals through employment. Although the lower employment or higher unemployment rate in the home country may not have direct affect on migrants, they have impacts on their families in the community of origin as the alternative employment opportunities are not created, meaning that families have to depend more on the remittance income and become more vulnerable to external shocks. The lack of employment opportunities discourages migrants from returning home and contributing their expertise and experience towards their community development.

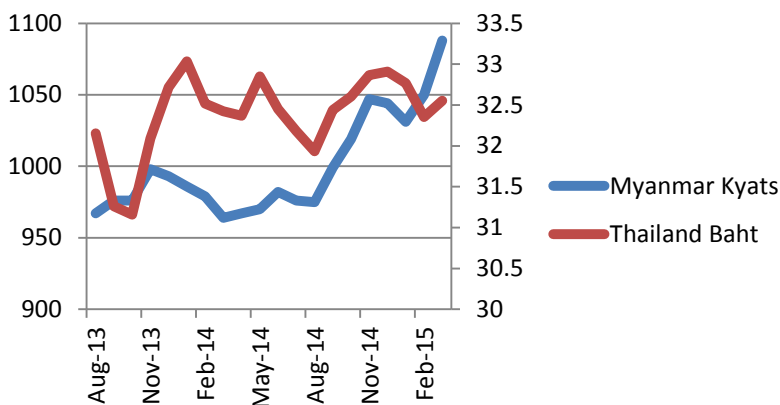
Higher inflation can also reduce the cost competitiveness of exports in the world markets, especially if the currency does not depreciate at a similar level as the level of inflation. Taking the level of productivity constant in the short term, the currency depreciation cannot be

taken advantage of to offset the negative impacts that high inflation has had on the cost competitiveness of exports. A decrease in exports, especially of agricultural products, has direct negative impacts on the livelihood of farmers and those who directly or indirectly depend on farming and agricultural sector, majority of whom are cross-border or internal migrants and their families.

Although the profit margins of farmers could be higher than those of exporters, they are not very significant in terms of amount, which is barely enough for their livelihoods. If the farmers' profits are further reduced due to a decline in demand for exports, especially in the inflationary period experiencing reduced purchasing power, the livelihood of farmers can immediately deteriorate. These can be significant push factors for migration. Under such a situation, where inflation is high resulting in high interest rates and high costs of migration, and where migration is still not affordable, predictable and secured, more negative outcomes can be encountered by migrants and their families.

The currency fluctuations, especially depreciation, are also a result of macroeconomic instability and they tend to have adverse impacts on migrants and their families. The amount of remittances in local currency received by migrants' families in the community of origin declines as the currency depreciates significantly. Although some external factors such as the Fed's tapering have led many currencies to depreciate, the extent of depreciation of Myanmar currency is more than that of Thailand, where many Myanmar unskilled and semiskilled migrant have been working. Thai Baht started depreciating gradually after the Fed's tapering in December 2013; however, the currency depreciation in Myanmar is not really relative to the Fed's tapering process as it started significantly depreciating only in September 2014 and it could be attributed more to the decline or slow growth in local gold prices, speculations on U.S. dollars and lower liquidity in dollars at banks as a result of increased imports.

Figure 9.2: Currency movements of Myanmar Kyats and Thai Baht



Source: Author’s analysis based on data from Central Bank of Myanmar

It is evident in the above figure that Thai Baht started depreciating by the end of 2013, whereas a significant depreciation of Myanmar Kyats started only in September 2014. From August 2013 to March 2015, while Thai Baht had depreciated by 1.24 percent, Myanmar Kyats declined by 12.51 percent. Until August 2014, Kyats depreciated only by 0.8 percent and then the speed of depreciation escalated, resulting in more than 12 percent depreciation during that period. Such depreciation may be attributed more to slow growth in local gold prices (and properties and real estates prices that had started declining since February 2015 due to many factors that include the cancellation of a big city development project in Hlaingtharyar township, Yangon). In Myanmar, many people invest in currency (i.e. in US Dollars), gold, property and real estates, (and motor vehicles in older days when car prices were skyrocketing due to the import restriction) and they tend to rebalance their portfolios by investing more on assets, prices of which started rising. As a result, they have to divest in some assets, the prices of which are either stable or falling, resulting in more downward pressure on these prices. As the local gold prices increased by the extent less than that of U.S. dollars, most people divested gold and instead, invested more in U.S. dollars resulting in increased upward pressure on U.S. dollars.

The extent of Myanmar Kyats depreciation against U.S. dollars is more than that of Thai Baht resulting in the depreciation of Myanmar Kyats against Thai Baht by 11 percent. This had

resulted in the decreased amount of Myanmar Kyats received by migrants' families for the same amount of Thai Baht that was sent back. As a result, the currency depreciation had adverse impact on migrants' families and this problem could well be compounded if their purchasing power declines as the level of inflation rises.

Hence, the macroeconomic instability as a result of high inflation, high interest rate, high unemployment, currency depreciation, etc., have various adverse effects on the migrants and their families as the purchasing power of migrants families in the community of origin declines, costs of migration increase, alternative livelihood options become rare, employment opportunities for migrants' families and returning migrants are getting scarce. The problem of declining purchasing power due to higher level of inflation could also be compounded by the lesser amount of remittance received in local currency due to currency depreciation. As a result, a major component of human security, i.e., economic security, could well get deteriorated to a large extent.

Governments attempt to ensure macroeconomic stability through their respective fiscal, monetary and exchange rate policies. The extent to which macroeconomic stability can be achieved depends on the extent to which their policy transmission to the real economy could be effective. The effective policy transmission depends on effective policy tools and efficient markets. The main objectives of governments to ensure macroeconomic stability are to achieve higher economic growth, lower inflation and lower unemployment. In Myanmar, adequate level of attention is not yet given to link up the macroeconomics stability, migration, rural development and poverty reduction. Although they are interconnected to each other, authorities tend to focus them separately aiming at different outcomes.

On the other hand, as the migration gets more matured, it in turn can directly or indirectly contribute towards the macroeconomic stability. Once the migration gets to the maturity stage in the migration lifecycle, their community of origin will start getting the benefits. However, the extent of benefits a community can get from migration depends on the extent of how favorable environment can be developed in the area around the community.

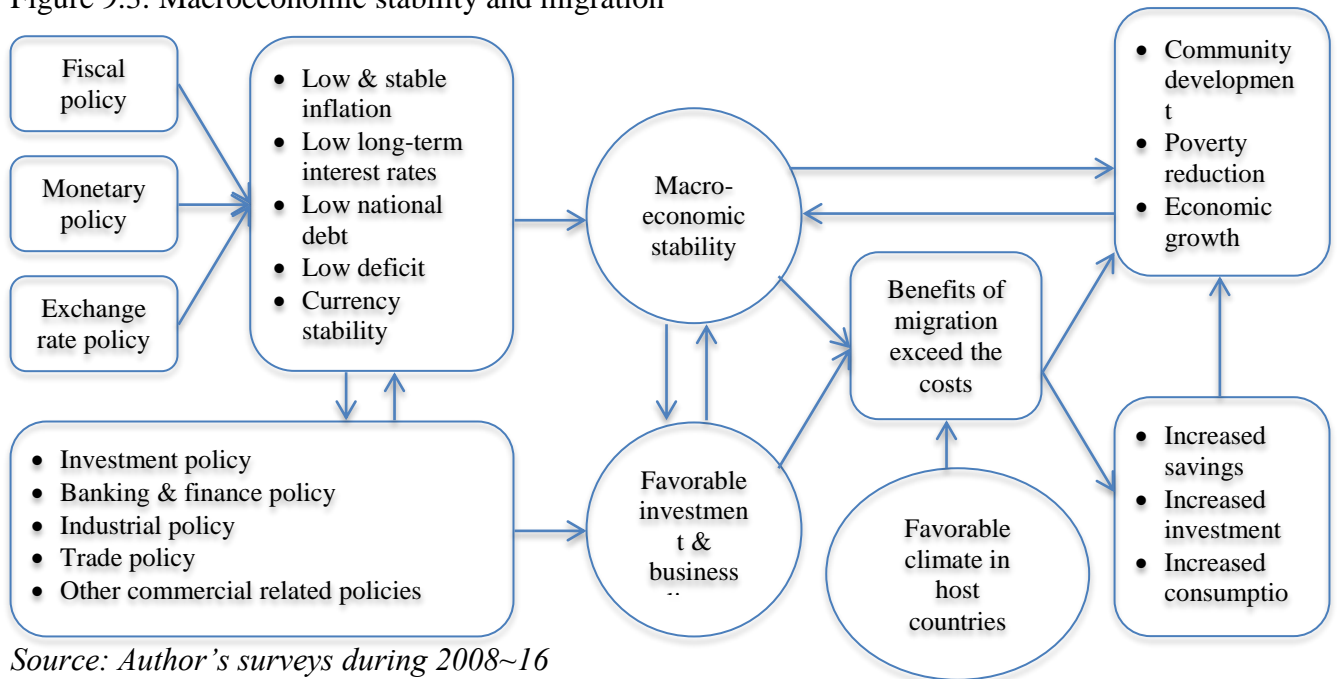
A favorable investment and business climate could enable migrants and their families to make more productive investments. It does not necessarily mean that migrants and families start

doing their own businesses. By making the banking services accessible to them, their savings in terms of deposits in the banks can be converted to productive investments through the intermediary role of the banks. As the capital market develops, migrants and families can have a chance to invest directly in investment projects, which is more productive compared to buying gold and properties with the intention of selling them when the prices rise. As investment is a component of the GDP, increased investment can contribute towards the development of the economy as a whole.

As the disposable income of migrants and their families rises, they tend to save and/or consume more. Whether they will save more than consume or consume more than save depends on their perception of stability and growth of the future. If the banking and financial sectors are accessible to them, savings in terms of gold, properties or cash savings under pillows can be mobilized to either deposit in a bank, invest in the capital market through the purchase of stocks or bonds or start their own household or small- and medium-sized business. Then, more savings can lead to more investments that will in turn contribute to the economy as a whole. On the other hand, less saving and more consumption can also positively contribute towards the economy as a whole through the multiplier effect.

A favorable environment for investment, businesses, savings and investments should be a prerequisite to maximize the benefits of migration and those benefits can contribute, in no small measure, towards the growth and stability of the community as a whole. In addition, the remittances coming through the formal banking channels can strengthen the banks' foreign exchange Nostro balances and stabilize the currency depreciation to a certain extent.

Figure 9.3: Macroeconomic stability and migration



The macroeconomic stability coupled with a favorable investment business environment can contribute a lot towards migration (by enabling the benefits of migration to exceed its costs); whereas, migration can contribute towards community development, poverty reduction and economic growth to a large extent, all of which could contribute in turn to macroeconomic stability in various ways. However, the role of monetary and fiscal authorities are still very important to steer the economy as a whole to achieve a certain level of growth at the stable level of inflation and currency exchange. As the level of inflation tends to pick up along with the economic growth, striking a balance between a stable level of economic growth and inflation is an art rather than a science.

Favorable environment in the host countries is also important to make the benefits of migration exceed its costs. It is more political to take advantage of a diplomatic relationship to advocate or influence the labor policies, immigration policies, etc., of the host countries to create a more conducive environment for Myanmar migrant workers and to have their rights protected. Establishing a favorable relationship through which relevant policies of the host countries can be influenced is also an art rather than a science because host countries' governments normally

have strong national interest and are dedicated to promoting and protecting their citizen workers before thinking of migrant workers; hence, they are often conflicted between national interests, national security, protection of citizen workers versus migrant workers and the interest of the small- and medium-sized businesses in need of more migrant workers.

The policies in host countries are normally more influenced by stakeholders in these countries. The business sector and businessmen, citizen workers, non-government organizations and civil society groups are main stakeholders and they often tend to confuse policy makers with opposing signals. The businessmen, especially in the small- and medium-sized enterprises in a developing host country prefer migrant workers, a majority of which are not legal, because they can be cheaper and can work harder. If the migrant workers become legal, and their rights are protected, they may not be cheap anymore. Hence, some businessmen want migrant workers; however, they don't want them to become expensive and have their rights protected. On the other hand, citizen workers often feel that they are being replaced even under a situation where a majority of migrant workers are still not legal and do not have their rights protected. As a result, citizen workers often do not want migrant workers to become legalized and replace them. Non-government organizations and civil society groups are normally for protecting the minority migrant workers. They want migrant workers to get legalized, have their rights protected and have the same benefits as citizen workers. Hence, a huge conflict of interest among the major stakeholders can be evident in most developing countries of destination.

When Myanmar migrant workers become legalized and have their rights protected, they would no longer be cheap anymore. This will significantly discourage many employers from keeping Myanmar migrants unless their skills and expertise are upgraded to be at par with or higher than that of citizen workers. If their skills and expertise are at par with citizen workers and they obtain the quality job positions that are usually taken up by citizen workers, social tension between migrant and citizen workers may rise. Hence, how the current campaign being pursued by many stakeholders to get migrant workers legalized and have their rights protected would end up in the future is unknown. However, the legalization process, having the rights of migrant workers protected, opening up quality employments that will upgrade their working

conditions and living standards, etc., in the countries of destination are important factors for Myanmar to get the benefits of migration exceed its costs.

The macroeconomic stability in the countries of destination also plays a very important role for migrant workers, who are working in these countries. A certain level of economic growth, low inflation, low unemployment, etc., could make businesses prosper, opening up more employment opportunities leading to increased demand for workers both for citizens and migrants. In the case of Thailand and Malaysia, where a majority of unskilled and semi-skilled Myanmar migrant workers exist, lower quality job positions are taken up by Myanmar migrants; whereas, citizen workers are recruited for higher quality job positions. Hence, so far, the social tension between migrant and citizen workers are still limited although there are many citizen workers feeling as if employment positions for them are being taken up by migrants.

Hence, macroeconomic stability is an essential facilitating factor for migration from the macro perspectives; however, other factors are needed to create a favorable climate in the country of origin as well as in the countries of destination in order to have migration contribute positively to the economic and social development. As macroeconomic instability is a major push factor in the first place for migration, a significant improvement in the macroeconomic environment is expected to slow the outflows of migration for potential migrants can take the advantage of investment, business and employment opportunities in the country/community of origin and can choose alternative livelihood options rather than migration, which leads to a situation where gaps in terms of wages, developments, social protection, etc., between community of origin and destination can be narrowed to a certain extent. Macroeconomic stability can also trigger a reverse migration leading to brain gains rather than brain drains.

As poor people in rural areas, a majority of whom are cross-border or internal migrants and their families, tend to get hurt more by macroeconomic instability, improvements in macroeconomic environment could protect them from any internal or external shocks so that policy implementations aiming at bettering the livelihood of the poor, enhancing rural development and poverty reduction and narrowing the rural/urban economic and social gaps could become effective to a large extent.

Political stability and migration

Myanmar was a British colony for many years after the British annexation of lower Myanmar including Yangon in 1852 and its capture of Mandalay in 1885, making the country become a province of British India. Then, Myanmar was separated from India and made a crown colony in 1937. In 1942, Japan invaded and occupied the country. In 1945, it was liberated by Britain from Japanese occupation and became independent in 1948. In the 1950s, Myanmar was a democratic nation and stood as one of the most developed nations in the region until 1962, during which “the Burmese Way to Socialism” was inaugurated with a military coup, which nationalized all economic and business entities and formed a single party state with the Socialist Programme Party as the sole political party. In 1987, Myanmar, which was once one of the most developed countries in the region, was officially recognized globally as the least developed country. In 1988, anti-government public upheaval had arisen, which was triggered by socio-economic deprivation and the currency devaluation in 1987 that had wiped out a lot of people’s savings. Since then, the military government under different names had ruled the country until a multi-party election was conducted in 2010 and the transition to democracy had started with the new government that came into power in 2011.

Hence, it could be considered that the country had been under military governments in various forms and different names for the past 50 years during which it went from one of the most developed nations in the region to the least developed country in the world, and socio-economic conditions of many people in rural areas had become shuttered. The prolonged conflicts with various ethnic nationalities had driven many people living in conflict areas to become homeless and internally displaced. This situation has triggered the flows of conflict-induced as well as non-conflict induced forced migration internally and across the borders. Since conflict-induced forced migration is out of the scope of this paper, non-conflict induced migration, especially economic forced migration, is focused on in this chapter.

In the past, attention given to forced migration across the borders was very limited and the government considered the troubles that migrants had gone through in the process of migration and in the countries of destination as their own problems, and little to no assistance/support was provided. However, the anti-human trafficking operations under the

Ministry of Home Affairs had gained momentum but these operations were largely unrecognized by the international community due to political reasons.

Myanmar had experienced outbound migration of many educated people in 1960s during which the Socialist system was introduced and all schools were nationalized. English as the medium of instruction at universities was replaced with Myanmar in 1965. The majority of those who had left the country never had a chance to come back. The economic situation of the country during the closed-door socialist system deteriorated tremendously having a direct negative impact on people's livelihood; however, cross-border migration from Myanmar then was not significantly high.

When the socialist system was ended and the so-called market-oriented system was adopted by a different form of military government after 1989, cross-border connectivity through trades and investments had soared significantly. Many businesses emerged to engage in cross-border business transactions. On the other hand, the political tension with the international community became significantly higher and that had led to the first economic sanction imposed by the U.S. in 1997. In the period during which the military government-led open-door market oriented economic system was practiced, the gap between the rural and urban areas and also between the rich and the poor became unprecedentedly wider. The economic and social problems in the country worsened when the economic sanctions were imposed by some powerful Western countries as these sanctions had shrunk the pie of business opportunities which was taken up by rich businessmen having better connections leaving little to nothing for others. The military government also had no choice but to play rather than to regulate in many business sectors to survive, which created a monopoly situation in many areas and further driving many small- and medium-sized businesses out of the picture. Due to rich national resources in the country that could freely be extracted by the government and strong relationship with neighboring countries that have been starving for these resources, the impacts of economic sanctions on small- and medium-sized businesses and ordinary people could be considered way worse than those on the military government.

As a result, business opportunities for ordinary people shrank, having further negative impacts on primary producers like farmers in the rural areas. High inflation, politically induced

high economic growth on paper, politically induced stable exchange rate on paper (ignoring multiple exchange rates created a big gap between the officially recognized rate of 6 Kyats to a dollar and the black market rate of around 1,000 Kyats to a dollar) and high unemployment had created a very unstable macroeconomic environment. High macroeconomic instability had threatened the livelihoods of the poor in the rural areas who were more vulnerable to any kind of internal as well as external shocks.

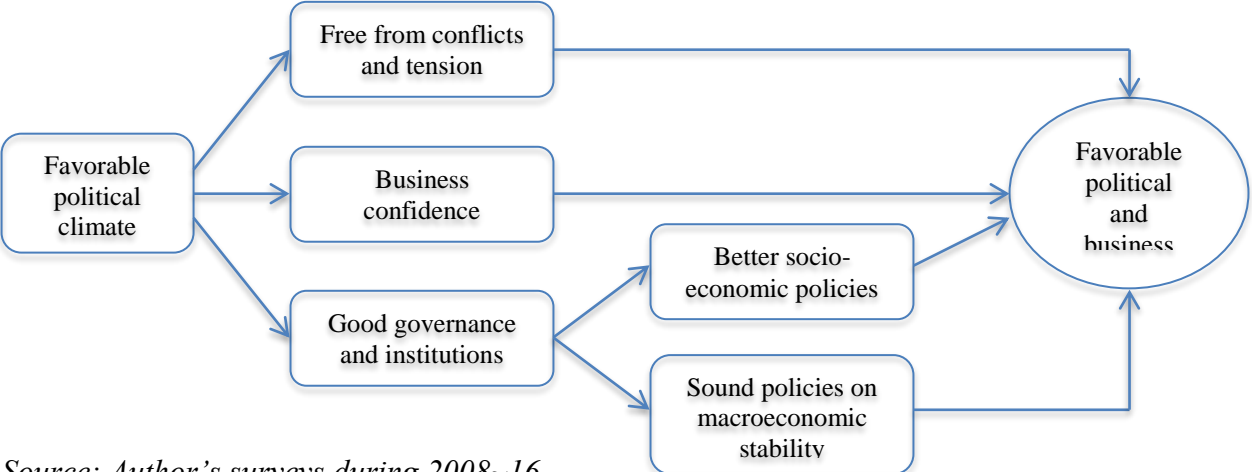
In addition, the situation of many people having different kinds of problems created by macroeconomic instability and the weakening of the economic security around them was worsened by conflicts with several ethnic nationalities, social tension between the rich and the poor or between those who could take the opportunities and those who could not and tension between the ruler and the ruled, all of which had significantly weakened the political security, personal security and community security around the people for many areas.

As a result, cross-border and internal migration flows started picking up to mitigate the economic problems of the families. As migration has been in existence for a long time in the history of Myanmar, it was not an uncommon idea to move from one place to another; however, the significant flows of migration could have been triggered by livelihood hardships that people had encountered since 1960s. However, although the economic hardships encountered by many people in many areas could be similar, the main causes of migration as well as the effects of migration could significantly differ from one place to another. While there are areas where more conflict-induced forced migration originated from, there also are many areas from where non-conflict induced forced migration and economic induced non-forced migration originated. While there are destitute migrations of people having encountered the extreme conflict or non-conflict impacts who are desperately wandering around and crossing borders without even knowing if there also are economic induced migrations triggered by demonstration effects of migrant families in the community and attracted by pull factors such as differential in wages, living standards, etc., between the community of origin and destination.

If the political situation were stable, the economic sanctions were not imposed and the country were not isolated for many years, the macroeconomic situation could have been more

stable. It is also very important that a favorable political climate is a prerequisite for macroeconomic stability and also for a favorable investment and business environment.

Figure 9.4: The need for a more favorable political climate



Source: Author’s surveys during 2008~16

A favorable political climate can avoid conflicts and create better business confidence, both of which are factors required for creating favorable investment and business climate. At the same time, good governance can be adopted and better institutional structures can be established that, in turn, can lay down better socio-economic policies (that are not only to promote investments/businesses but also to protect the people by enhancing human security around them) and sound policies for macroeconomic stability, all of which can contribute towards a favorable political, business and socio-economic climate.

In the case of Myanmar, there have been tremendous political developments (up to a level which nobody could have imagined in 2010) that were pursued with a view to create a better political climate. Despite all these developments in the political area, the political climate is still considered to have some clouds due to many factors that include, but not limited to a not-yet-stable cease fire agreement with ethnic nationalities that are considered to be still fragile and could be broken as in the past if the political development process slows down in the future; a not-yet-accomplished peace pact with ethnic nationalities, possible political tensions after 2015 election, etc. As the political climate is interconnected with the investment/business climate,

there are many investors from Western countries that have been playing a wait-and-see game until the outcomes of 2015 election arise.

As the foreign direct investments that are supposed to be coming are delayed, employment opportunities that are supposed to be created by these investments are not as many as there should be. Hence, the conventional sequence of having increased foreign direct investment, increased production, increased job opportunities, increased income of workers, increased consumption including the consumption on education and healthcare, enhanced socio-economic conditions, could be disrupted. If the sequence is right, the outflows of economic induced forced migration (i.e. the migration mainly caused by push factors like livelihood hardship in the places of origin) will tremendously decline although the outflows of economic induced non-forced migration (i.e. the migration caused more by the pull factors like wage differential, higher living standards in the places of destination) will still continue.

If the political climate worsens, resulting in a trend reversal, which is very unlikely to happen in Myanmar at this stage of developments, the outflows of migration (i.e. forced migration mainly caused by push factors like political as well as military conflicts) are likely to increase. Hence, the political climate can either have direct or indirect effects on migration. If the climate is bad, it can have the direct impact on migration negatively; however, if the climate is good, it can have an indirect positive effect. While the positive effect can take time, as several sequences need to be passed, the negative impact can happen very quickly.

The political climate could be the key to creating an enabling environment where all other developments in proper sequences can materialize. How could a more favorable political climate be created in the case of Myanmar is beyond the scope of this paper. There are many stakeholders having various views on how a favorable climate could be created. Many people, especially outside the country have very few factors in mind that they think they can change the political climate immediately; however, in reality, it is not as simple as that. However, there are also many people keeping too many factors in mind and getting themselves confused with vested interests and cannot see a clear path to creating a better climate. As a result, the perception of people in the existing political climate and on how it can be bettered and made more favorable could significantly be different.

Many people think that the 2015 election could be a game changer or could be a major trigger point for a continued trend (i.e. continuation of the current democratic process and reforms) or a trend reversal. It is true that Myanmar is still not very familiar with democratic practices and a parliamentary system; however, the basic concept of democratic principles, the basic concept of balanced development in the economic, social and environmental areas, and the development in term of equity and inclusiveness, etc., are commonly shared by the government, political parties and the parliament. In the transition period, it is also true that the majority still finds it difficult to translate these commonly shared basic concepts into implementation. Hence, many people find it difficult to predict whether or not the 2015 election would be a game changer for Myanmar's future.

If a continued trend is maintained, the current lifecycle of migration is unlikely to be disrupted. It will go through the introductory, maturity and decline stage in sequence; however, the stage of the migration lifecycle may differ from one place to another in Myanmar for having different causes and effects and having different costs and benefits of migration. During the decline stage, the introductory stage of another lifecycle of migration is likely to commence, in which more inbound migration of foreign professionals and experts could be evident. In some places in Myanmar, if a continued trend is maintained, the current lifecycle could be much shorter as these places could possibly enter into the next lifecycle earlier than expected and could result in increased flows of reverse migration (i.e. the inward migration of returnees) and inward migration of many foreign professionals and experts. To what extent the current lifecycle would shorten and how early the introductory stage of the next lifecycle would begin depends on the speed of reforms, political and economic development of the country. However, regardless of these developments, some places in Myanmar could still be either in the introductory or maturity stages of the current lifecycle.

If a trend reversal in the area of political development happens, the current trend of migration lifecycle could be prolonged and could result in the decline of returnees and foreign professional inflows and increased outflows of unskilled, semi-skilled as well as skilled migrants. As an 180-degree trend reversal is very unlikely to happen, the effect of the 2015

election could have an impact only on the speed of changes from one stage to another in the lifecycle. If a significant positive change occurs, the speed could be faster.

The direct effect of political development on migration is minimal; however, its indirect effect through the macroeconomic environment is quite significant. Hence, although a continued trend or trend reversal after the 2015 election may have various levels of effect on migration, it could be minimal and mostly effective on migration of political dissidents and those around them. However, its effect on the macroeconomic development (which in turn has an effect on social development and human security) could be quite significant. The political effect on the macroeconomic development and the macroeconomic effect on migration through social development and human security are not immediate. These are lag effects and a lag period may vary depending on many other factors.

The development in political area is also interpreted in many ways. Many people used to see Myanmar very simply as black and white (e.g. the lady versus junta, the monks versus military, etc.). As the country has opened up, many countries and people engaged and started to realize that it is a remarkably complex country with a lot of potential, connecting the dynamism of East Asia to the dynamism of South East Asia and North East Asia and filling the gap in ASEAN in areas of peace, stability, development and democracy. As a result of isolation for the past decades, it is still slow to have the mindsets changed and also slow to have trust built among all the stakeholders. However, as the country was the best in many areas of development in the region about five decades ago, the DNA is still there and it will mutate to better adapt to the current global environment and perform better.

In order to activate the DNA and mutate, the role of returnees diaspora or returning migrants is important because they could potentially bridge the local and international knowledge and experience. Although the number of diaspora has been increasing, it is still not significant as the majority of them are not confident enough in the political development and the effect of 2015 election. Once the majority of Myanmar migrants abroad become confident in political stability, they will come back and contribute in many areas. Besides remittances while they are away, migrant workers will be able to transfer their skills to contribute to the home economy upon their return (Wongboonsin, 2009, p.184).

Although a continued trend is being maintained after the 2015 election, it will not be a bed of roses because political stability is not a trigger for economic and social development but is just a platform for where these developments can take place. Myanmar still has to go through many obstacles to achieve macroeconomic stability, which is another important platform where key economic and social developments are based. All these stages and developments have significant impact on both internal and cross-border migration. Before peace and political stability are achieved, the issues that Myanmar faces are different from that of other developing and underdeveloped countries. Once political stability is achieved, Myanmar will start facing normal development issues that are being faced by many other developing and underdeveloped countries. During the process to achieve that, there may be many hiccups along the way.

One small example is the current significant labor strikes in several industries particularly in the labor-intensive sector. During the transition, while the political and macroeconomic stability is not yet fully achieved and while most industries are not yet fully connected with the global market due to the past isolation, many industries are still vulnerable for they still face the risk of macroeconomic instability as the currency fluctuates making it difficult for their imports of raw materials and exports of finished products, and the inflation rises gives pressure to them to increase wages, while having difficulties regarding access to credits and access to markets that significantly limit their income. As the income fluctuates due to all these factors, businesses are not encouraged to give a raise and to adopt higher labor standards. As a result, labor strikes have emerged demanding for higher wages and higher labor standards. It is an example of a sequential problem. Sequences – of having political stability creating a platform for macroeconomic stability creating another platform for economic development, the benefits of which reach to the business sector to prosper and then willing to raise wages and adopt better labor standards, increasing the incomes, which in turn increase consumptions creating a bigger multiplier effect and contribute to the economy as a whole – do not necessarily happen in order. When these sequences are either wrong or when the next sequence begins early before the effect of first sequence is realized, glitches and hiccups may occur.

These glitches and hiccups in some industries may be absorbed by foreign direct investment as they have stronger resistance against short-term instability and better access to credits and markets. As a result, problems such as labor strikes happen in smaller industries having less resilience (that is small- and medium-enterprises regardless of where they came from either locally or from other countries). While labor problems are more commonly seen in these types of industries, they rarely occur in industries running with foreign direct investment coming from more developed countries and where a decent level of wage is paid and above-averaged level of labor standards are adopted. These industries are found to have spent more on skills development of their workers in order to upgrade their productivity and meet global demands. The industries that are still struggling to build up their resilience may suffer and some of them may fail and some may overcome the obstacles. The main policy of these industries is to keep the income high enough to cover the variable costs (although the income may not cover the fixed costs) and stay patient until the turbulence created by instability is over.

On the other hand, the majority of workers in the labor-intensive sector are found to be internal migrants, the majority of whom are women. Most factories do not provide accommodation, hence, the workers have to find a place nearby to stay. The monthly wage ranging from 30,000 Kyats (i.e. equivalent to around US\$ 30) to 60,000 Kyats (i.e. around US\$ 60), cannot allow them to rent even a room. Hence, most workers share a small room that have below-average living standards. As most companies do not provide any other facilities, workers are so vulnerable to economic and social shocks. Increases in general price rises or especially the price of rice has direct negative effects on their livelihood. If a worker or a family member gets sick for a period longer than average, the only way to sort it out is borrowing from the informal market at high interest rates that may vary from 5 to 20 percent per month that further increases the financial burden on them. The lack of social safety nets makes their livelihood more vulnerable. The whole situation has led workers in several places go on strike in early 2015 for the increase of 1000 Kyats (i.e. around US\$ 1) more per day.

As most factories in the labor-intensive sector (especially apparel industries) are running on Contract Management Production or Cutting, Making and Packaging (CMP) basis, they work at a limited profit margin having an average income of just US\$ 1-3 per piece of apparel. As

they are running on CMP basis, the increased prices of imports due to currency depreciations do not have much adverse impacts on them. The exports are also not positively affected by currency depreciation as the level of exports, which is to be made according to the pre-orders regardless of the currency price, is not effected. The depreciation of currency vis a vis US Dollars (which is the US Dollar appreciation) even has positive effect on them as their income is mainly in US Dollars. However, the macroeconomic instability causes them to lose their confidence in future economic situation and the industries tend to brace for future possible adverse effects, meaning that they are discouraged from raising wages or providing more facilities to their workers. There are so many rounds of discussion and negotiations between the employers and workers that are moderated or negotiated by the Ministry of Labor. The employers claim that increased wages would force most employers out of business as they still do not have access to better markets that can guarantee a stable demand and pay higher prices. They asked the government to buy their income in US Dollars at rate, which is more than double the current exchange rate to enable them to give raises. Negotiations still continues and could result in a slight increase in wages in the near future.

As a result of the lack of decent employment and a decent level of wages, many workers have migrated to Thailand, where they receive wages that are more than a double of what they could currently earn even though the level of wages they get in Thailand is only about 60-70 percent of what they are supposed to get as they, as migrant workers, do not normally receive the minimum level of wage, 300 Thai Baht per day as set by the Thai government. Some internal migrants working at various industries in Yangon end up in similar industries in Maesot, which is a Thai border town next to Myawaddy of Myanmar. As majority of them are not legal migrant workers, they are prone to exploitation.

These problems occurred mainly because the benefits of political stability and economic growth have not reached business entities while the costs that come along with the economic growth such as inflation have reached them quicker than the benefits. In the case of Myanmar, political stability is a prerequisite for the economic growth and peace is an integral part of political stability. This is recognized not only by the current government but also by the previous military governments that had attempted to have cease-fire agreements with some ethnic armed

forces. It was successful to some extent in the past as the previous military government managed to go through the peace process with 40 ethnic groups in exchange for incentives and privileges in various economic sectors; however, the process was not transparent and the government did not sign any documents except with the Kachin Independence Organization (KIO). In 2009, 25 armed groups remained and they were pressured by the government to form border guard forces (i.e. government affiliated paramilitary group). Five groups agreed to transformed themselves into border guard forces and fifteen were transformed into government militia. The remaining five groups did not agree to transform; however, no fighting or clashes occurred. When the new government took power, they resumed the peace process initiated by the previous government. Altogether, 16 groups were recognized for peace negotiations. In 2011, among the 16 groups, cease-fire agreements with 4 groups were signed. Later, 9 groups joined the cease-fire agreement in 2012 and 1 group in 2013. Hence, 14 groups had officially signed cease-fire agreements by 2013 and two groups, the Kachin and Ta'an National Liberation Army (TLNA), remained. The agreement on conditions to be included in the nationwide cease-fire agreement with all 16 armed groups was signed on 31st March 2015. The Myanmar government and the ethnic armed groups have been trying to sign the nationwide cease-fire agreement as it would pave a way to begin a real political dialogue and union peace dialogue, which are to be carried forward by the successive governments. In order to make the cease-fire agreement effective and to initiate the political dialogue, the roles of joint monitoring committee and union peace dialogue joint committee are very important.³⁶

The cease-fire agreement and stability are to pave a way for economic and social development especially in the conflict areas. Unless the benefits of the economic and social developments reach the grass roots that include both normal citizens and former armed groups, in other words, if the peace dividend is not fostered in these conflict areas, stability can still be negatively impacted and all the political achievements obtained so far may go back to a square one. As the conflict areas are in remote places and far from the economic centers and have poor

³⁶ This paragraph contains the excerpts from the presentation of Dr. Min Zaw Oo at the U.S. and Japan: Assisting Myanmar's Development seminar on 25th March 2015 at the Washington D.C.

transport network, planning for economic and social development could be expensive and quite challenging. Giving incentives and privileges to the armed groups that have signed cease-fire agreements could be a short-term and unsustainable solution, which would never solve the problems. Unless the government drafts a comprehensive development plan that would benefit these conflict areas in a short time period, political developments and stability could be compromised.

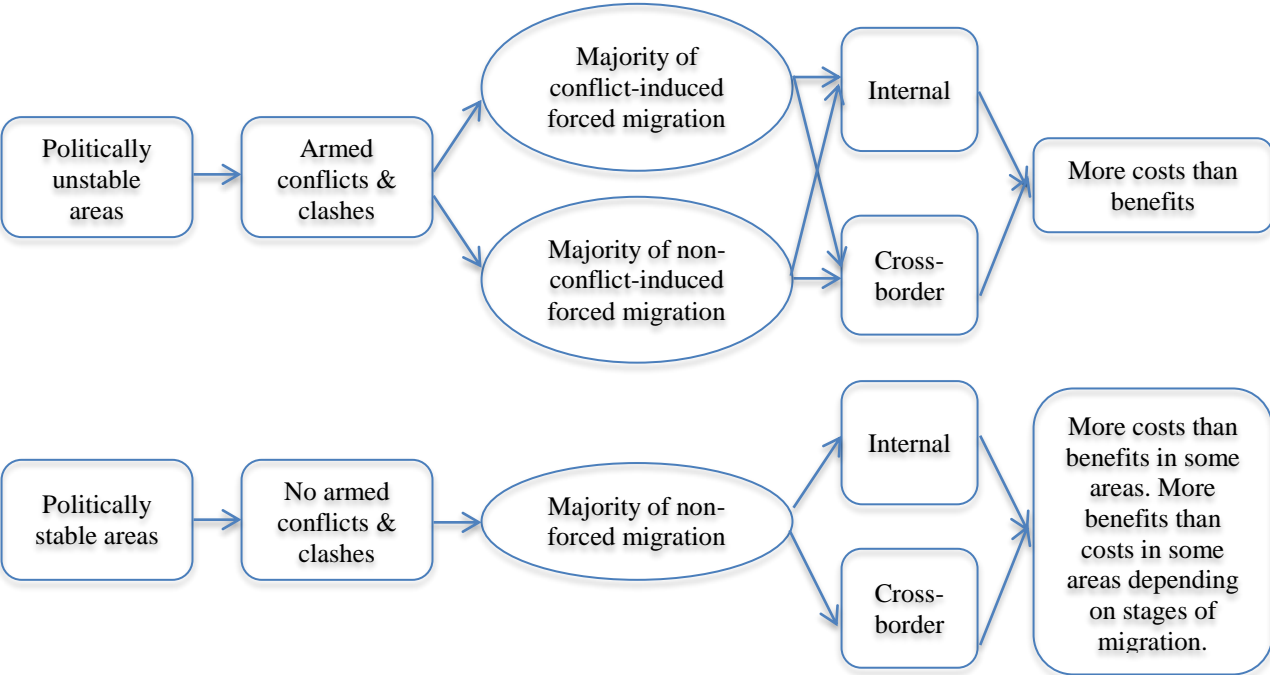
Another problem is the mindset of some armed groups regarding the ownership and rights of natural resources in their region and a significant decline of their income. Some armed groups in the areas where natural resources such as precious gems and timber are rich, have long been making a huge profit. These profits are normally the source of funds for strengthening their armed forces and not normally shared among the people in that area. As a result, a majority of their own people of the same ethnicity do not have confidence in their armed forces. A significant decline in the level of income that used to go to armed conflicts from the sale of natural resources and from licenses and permits for the rights to exploit the resources could frustrate them and could lead the process back to a square one unless they find alternative sources of income.

Although political developments and stability are maintained through a nationwide cease-fire agreement, unless economic and social developments are assured in these conflict areas, forced migration to nearby neighboring countries would continue. The number of non-conflict induced forced migrants and economic migrants are much higher than that of conflict induced forced migrants even during the time conflicts and clashes were happening in these areas. Political developments and stability may assure political and personal security for the people in these areas; however, other areas of human security cannot be assured unless the benefits of comprehensive developments reach there. Hence, the sequences of political stability and peace, political development, economic stability, economic development, have to be in order. If a sequence (that is supposed to come later) comes earlier, significant improvements may not happen. For instance, plans for economic development without having the political and economic stability may not work well.

The stages of migration also depend on these sequences. In the areas where there is no peace nor political stability, it is difficult to enter into the second stage or maturity stage of migration during which second-round effect of migration can come in and the community as a whole starts gaining some benefits from migration. In the case of Myanmar, since the current government took power in 2011, evidence of reforms and economic developments in many areas have been found, although there still is a long way to go; however, these developments still have many hiccups due to the hiccups in macroeconomic stability. Despite these hiccups, the developments still continue at various paces due to the political stability in many areas. Myanmar is usually portrayed by the media as a country where the longest civil war is happening. It is true that there were many military clashes in the past; however, these clashes are not happening across the whole country. The majority of these clashes happened only in few areas that are Kachin and Northern Shan (Mon and Karen in the past). It is relatively peaceful in many other areas where plans for economic development can be implemented. During the period of negotiation with ethnic armed groups, the number of clashes has tremendously reduced from an average of 47 clashes per month in 2011-2013 to an average of 6 clashes per month in 2014. As a result the number of conflict-affected township has been tremendously reduced from 43 in 2011 to 28 in 2014. As a result of the political stability in the majority of areas in Myanmar, the economic development to a large extent in many areas was evident. However, Myanmar is still struggling for macroeconomic stability to pave the way for investments and businesses to soar.

In the area of migrations, a majority of forced migration cases (whether it is conflict induced or non-conflict induced) are found to have originated from the conflict areas; whereas a majority of migration cases from other areas where peace and stability is maintained are economic. The migrants and their families normally suffer in the cases of forced migration; however, in the case of non-forced migration, the costs and benefits vary depending on different stages of migration.

Figure 9.5: Origination of different types of migration



Source: Author’s surveys during 2008~16

Although there may be some exceptions that economic forced migration can be originated from the economically difficult areas where there is no armed conflicts or clashes, they are not common cases. There are a few cases in some areas where forced migration triggered by environmental problems such as drought were originated although there is no long-term armed conflicts. However, these areas are in the Shan state where military clashes often happened, are remote and have very limited infrastructures necessary for development.

Hence, development is key for shaping different types of migration and ushering it into different stages. However, the development is based on many factors that mainly include peace and political stability, without which the sequence of economic stability and development cannot begin. Hence, they are all interconnected and sequential factors the usher a nation into different economic and political dimensions.

Chapter 9

Policy Misapplication and Failures to Regulate Myanmar's Cross-border Migration

Communications are often misinterpreted in many developing and underdeveloped countries. Policy makers often end up issuing policies that could complicate things even more. It happens especially in cases where policies are issued on an ad-hoc basis responding to what has happened in the market. In emerging markets, developing ad-hoc policies is a common practice as comprehensive policies and legal framework are still not yet available. These ad-hoc policies can be relevant for the short-term; however, they tend to have adverse impacts on many stakeholders in the long-term, especially in cases where they are not evaluated in time to be amended (Aung, 2011, p.26).

9.1. Migration related laws and policies

The cross-border migration from Myanmar is governed by various laws, regulations and government's policies most of which attempt to regulate the irregular cross-border migration. In addition, some policy actions were taken responding to some situations that had arisen due to unexpected circumstances. Although these policy actions might be relevant at the time of their issuance, they could easily be outdated and irrelevant at some point requiring some adjustments without which they would have adverse impacts on migrants and their families. Some major laws, regulations and policies are reviewed in this Chapter and the summary of major findings are as follows;

- The provisions in the laws, regulations and policies could be well-intentioned but are often misinterpreted and misapplied.
- Some are outmoded or unrealistic, and not well-understood, driving migrants (including those returning home) and other stakeholders into the underground.
- They are also inconvenient to the employers across the borders in Thailand and elsewhere.

- The misinterpretation and misapplication of laws and regulations, unrealistic and unpractical provisions in these legal documents that may not be relevant anymore due to lack of adjustment, and ad-hoc policies responding to certain situations, tend to have undesirable consequences that may have encouraged underground practices to thrive.

Table 9.1: Interpretation of legal documents and consequences

Provisions in the legal documents	Provisions in the legal documents	How provisions in the legal documents are difficult to be complied, misinterpreted or misapplied and consequences
<p>Law related to Overseas Employment (1999)</p>	<p><i>Article 9(a): Overseas employment seekers shall register themselves as overseas employment seekers at the Department for the type of overseas employment for which compulsory registration is required by the Department.</i></p> <p><i>Article 10: An overseas employment seeker who obtains overseas employment other than those for which the Department requires compulsory registration as overseas employment seeker, shall register as worker with the Department.</i></p> <p><i>Article 11: A person who, prior to coming into operation of this Law, has been in any overseas employment, after temporarily returning home, continues with the overseas employment, shall be registered as a worker with the Department, in accordance with the stipulations.</i></p>	<p>it is not easy or in some cases not possible for those living around the borders, having historical migration connections with neighboring countries, having difficulty in communication as most of them speak different languages, and having difficulty to reach Department of Labor in the urban city, to travel a long way to a place where the department is located for registration.</p> <p>It is often interpreted in such a way that those who have migrated without going through the registration process are not legal.</p> <p><u>Consequences</u> Majority of migrants could be considered illegal both at home and in host countries.</p> <p>Migration process is still not yet convenient, affordable and secure.</p>

Provisions in the legal documents	Provisions in the legal documents	How provisions in the legal documents are difficult to be complied, misinterpreted or misapplied and consequences
	<p><i>Article 13: A person who wishes to carry out service agency business shall apply to the Department for issue of Service Agent License in accordance with the stipulations.</i></p>	<p>The provision of the law is often interpreted in such a way that migration facilitated by anybody who does not have the Service Agent License is not legal so that such migration can be interpreted as human smuggling.</p> <p><u>Consequences</u> There is a common practice in many villages that a migrant worker staying in a host country contact their friends in the same village (where they came from) or nearby villages to come over across the border to his/her factory which is in need of more workers. Sometimes, returned migrants facilitate the migration process of others in the same or nearby villages.</p> <p>According to the interpretation, all these migrant workers or returned migrant workers who facilitated the migration of their friends from their villages can be considered human smugglers.</p>
<p>MOU between Myanmar and Thailand (2003)</p>	<p><i>Article 4: Employment of workers requires prior permission of the authorized agencies in the respective countries. Permission may be granted upon completion of procedures required by laws and regulations in the respective countries.</i></p>	<p>It was often interpreted in such a way that those who had come to Thailand legally or illegally for work could “become” illegal if they did not have prior registration.</p> <p><u>Consequences</u> Those who traditionally go across the borders for work cannot be legal, as they do not go through prior registration before departure.</p>

Provisions in the legal documents	Provisions in the legal documents	How provisions in the legal documents are difficult to be complied, misinterpreted or misapplied and consequences
	<p><i>Article 9: The term and condition of employment of workers shall not exceed two years. If necessary, it may be extended for another term of two years. In any case, the terms and conditions of employment shall not exceed four years. Afterwards, it shall be deemed the termination of employment.</i></p>	<p>This article imposes involuntary departure after two years (plus another two extended years at most).</p> <p><u>Consequences</u> This Article had discouraged those (who have been working in Thailand for more than a decade) to be legalized.</p>
<p>Anti Trafficking in Persons Law (2005)</p>	<p><i>Paragraph 3(a): Trafficking in Persons means recruitment, transportation, transfer, sale, purchase, lending, hiring, harbouring or receipt of persons after committing any of the following acts for the purpose of exploitation of a person with or without his or her consent: (1) threat, use of force or other forms of coercion (2) abduction (3) fraud (4) deception (5) abuse of power of of position taking advantage of the vulnerability of a person (6) giving or receiving of money or benefit to obtain the consent of the person having control over another person.</i></p>	<p>It can be interpreted (or was interpreted in some cases) that anybody who facilitates the migration of a person who is in the livelihood hardship can be considered a trafficker.</p> <p><u>Consequences</u> As majority of people in the rural areas from where many people migrate are in some kind of livelihood hardship, anybody who helps them migrate can be considered a trafficker who is in a position taking advantage of the vulnerability of that person.</p>

Provisions in the legal documents	Provisions in the legal documents	How provisions in the legal documents are difficult to be complied, misinterpreted or misapplied and consequences
Myanmar Immigration (Emergency Provisions) Act (1947)	<i>Article 3(2): No citizen of the Union of Myanmar shall enter the Union without a valid Union of Myanmar passport, or a certificate in lieu thereof, issued by a competent authority: Provided that this section shall not apply to a person, who, in proceeding from one place in the Union of Myanmar to another place in the Union of Myanmar, traverses in the course of that journey any extra-territorial waters.</i>	<p>It is interpreted that no one (including a Myanmar citizen) can return to Myanmar without a passport issued by a relevant ministry or a certificate issued by a Myanmar Embassy.</p> <p><u>Consequences</u> Myanmar migrant workers who had left Myanmar with short-term border passes to work in Thailand were stopped upon their return as they tried to enter into Myanmar without a passport, meaning that afterwards they had no choice but to go underground with the help of brokers in order to return to Myanmar.</p>

Source: Desktop survey on legal documents related to migration

Overseas Employment / 'Licit' Employment: Workers, brokers and employers

In the case of Myanmar's cross-border migration sector, the major legislations include the Law related to Overseas Employment³⁷ issued in 1999 which governs cross-border labor migration from Myanmar, Myanmar Immigration (Emergency Provisions) Act³⁸, 1947, which governs immigration of both foreigners and citizens, and Anti Trafficking in Persons Law³⁹, 2005, which governs human trafficking cases. In most cases, provisions stipulated in the laws are not problematic; however, the interpretation of some provisions for enforcement tends to create unintended problems.

³⁷ Source: Ministry of labor, immigration and population, Myanmar.

³⁸ Source: Ministry of labor, immigration and population, Myanmar.

³⁹ Source: Ministry of home affairs, Myanmar.

For instance, in the case of the Law related to Overseas Employment, Chapter 5 of the Law contains provisions related to registration of overseas employment seekers and workers. The Article 9(a), Article 10 and Article 11 of the Chapter 5 of the Law stipulate:

Article 9(a): Overseas employment seekers shall register themselves as overseas employment seekers at the Department for the type of overseas employment for which compulsory registration is required by the Department.

Article 10: An overseas employment seeker who obtains overseas employment other than those for which the Department requires compulsory registration as overseas employment seeker, shall register as worker with the Department.

Article 11: A person who, prior to coming into operation of this Law, has been in any overseas employment, after temporarily returning home, continues with the overseas employment, shall be registered as a worker with the Department, in accordance with the stipulations.

It means that those seeking overseas employment or those who have secured overseas employment need to be registered with the Department of Labor as overseas employment seekers or workers. Although these provisions do not seem to be a problem as they simply state about registration requirement, it is not easy or in some cases not possible for those living around the borders, having historical migration connections with neighboring countries, having difficulty in communication as most of them speak different languages, and having difficulty to reach Department of Labor in the urban city, to travel a long way to a place where the department is located for registration. In addition, most people in rural places around the border are not even aware of the Law and they simply continue migrating across the borders through their traditional connections. If such provision is interpreted in such a way that those who have migrated without going through the registration process are not legal, majority of migrants could be considered illegal both at home and in host countries. In addition, legal channel of migration is still more expensive compared to the unregistered cross-border migration of those who are just around the border. The cost of registered migration process to Malaysia and Thailand could be seen in the following table.

Table 9.2: Estimated cost of migration to Malaysia and Thailand

Destination country	Estimated cost for a registered migrant	Remarks
Malaysia	<p>The Department of Labor caps the agent fees at US\$ 850 per person.</p> <p>In addition, medical examination fee of Kyat 25,500 (approximately around US\$ 25) per person is charged.</p>	<p>Actual agent fees went up to around US\$ 1,200~1,600 depending on whether a migrant could keep his own passport. However, in 2016, as majority of people are discouraged to go to Malaysia due to religious problems there, the demand has declined, meaning that agent fees went down to around US\$ 700 per person.</p>
Thailand	<p>The Department of Labor caps the agent fees at Kyats 150,000 (approximately around US\$ 130) per person.</p> <p>In addition, medical examination fee of Kyat 25,500 (approximately around US\$ 25) per person is charged.</p>	<p>Due to increased demand, actual agent fees could range from Kyats 300,000~500,000 (approximately around US\$ 260~430) per person depending on whether or not enough documents related to household registration, national registration card, etc., can be presented or not.</p>

Source: Survey on respondents registered for migration, Yangon, 2016

As explained in the above table, it would cost around US\$ 260~430 for a person wanting to get registered and go through a legal migration process to Thailand. Depending on different agent, this amount may or may not include the travelling cost to the Yangon city for registration and signing the employment agreement. On the other hand, it would cost almost nothing for a person living not far from the border to just simply cross the border for a job. There are many workers living near the border who have been crossing the border illegally on daily basis by paying 5~10 Baht (approximately around US\$ 0.15~0.30) per person to the owners of the land on the Thai side next to the border. Hence, compared to these informal channels of migration that do not require registration, legal migration process is still inconvenient and costly.

In addition, Chapter 6 of the Law requires those who plan to provide overseas employment services to be registered as overseas employment agents. The Article 13 of the Chapter 6 of the Law stipulates:

“Article 13: A person who wishes to carry out service agency business shall apply to the Department for issue of Service Agent License in accordance with the stipulations.”

This provision also simply states the registration requirement. However, in some cases, it was interpreted in such a way that those who facilitated migration (without having such registration) by bringing friends from the same village to their works across the borders where more workers were needed, were interpreted as illegal unregistered brokers, meaning that traditional practices of securing overseas employment through the network of existing migrant workers from the same village would be pushed into the grey area and become illegal. Such misinterpretations can lead to corruption when those responsible for law enforcement take actions against those who do not have connections with them, while ignoring those who have connections.

The Law is a good starting point to introduce registered and legal migration; however, it is important to absorb informal activities into the formal system and to legalize traditional players who are out of the legal system instead of driving them away. In order to legalize them, it is important to convince workers and employers that being legal is more attractive. If the provisions of the Law are interpreted in different ways and if it is more burdensome and inconvenient to be legal, they will still play in the grey area or may even become more professional traffickers. Although the Law has good intentions, interpretations of its enforcement can go wrong and policies issued in response to various incidents may push many people into grey areas where they will be exposed to more risk.

One example is tightening the rules on overseas employment agents by requiring each agent to increase capital assets of up to minimum Kyats 100 million (approximately US\$ 100,000) and banning the sending of Myanmar people as domestic helpers to Singapore in September 2014 due to cases of abuse and ill-treatment experienced by some Myanmar domestic helpers in Singapore. The intention of the policy to increase capital assets of overseas

employment agencies is to make them more responsible as they may have to pay a huge penalty if they irresponsibly send workers abroad who get into trouble; and to allow only financially capable agents as they can afford to provide more quality services. However, as a result, this policy had pushed traditional players further away from legalization as they cannot afford to be registered. In addition, the ban on sending Myanmar people as domestic workers to Singapore did not stop people going to Singapore to work as domestic workers. Instead, many people continued going to Singapore and working as domestic workers by bypassing the legal overseas employment system of Myanmar. As a result, they become even more vulnerable without having any legal protection.

Memorandum of Understanding with the receiving country (Thailand)

Not only the domestic laws and policies but also the Memorandum of Understanding (MOU) between Myanmar and Thailand⁴⁰, 2003 contains some articles that could be interpreted differently. For instance, the Article 4 of the MOU states:

Article 4: Employment of workers requires prior permission of the authorized agencies in the respective countries. Permission may be granted upon completion of procedures required by laws and regulations in the respective countries.

Again, the Article simply mentions about registration requirement. However, in some cases, it was interpreted in such a way that those who had come to Thailand legally or illegally for work could “become” illegal if they did not have prior registration. Those who traditionally go across the borders for work cannot be legal, as they do not go through prior registration before departure. Article 9 of the MOU also states:

Article 9: The term and condition of employment of workers shall not exceed two years. If necessary, it may be extended for another term of two years. In any case, the terms and conditions of employment shall not exceed four years. Afterwards, it shall be deemed the termination of employment.

⁴⁰ Source: Ministry of foreign affairs, Myanmar.

Again, it means that if a worker had become legally registered under the ambit of this MOU, he or she would be able to work legally in Thailand only for two years (which could be extended to another two years), after which they had to compulsorily leave Thailand for at least three years. This Article had discouraged those (who have been working in Thailand for more than a decade) to be legalized. It was a major reason why most long-stay Myanmar migrants in Thailand were hesitant or discouraged to get registered under the MOU. It was also a reason why even some Myanmar migrants registered under the MOU had run away to work at different places illegally.

Anti-trafficking laws and measures

In some cases, there also were cases in which comprehensively defined legal terms were over-interpreted and had led to undesirable outcomes. For instance, Paragraph 3(a) of Anti Trafficking in Persons Law states:

Paragraph 3(a): Trafficking in Persons means recruitment, transportation, transfer, sale, purchase, lending, hiring, harbouring or receipt of persons after committing any of the following acts for the purpose of exploitation of a person with or without his or her consent: (1) threat, use of force or other forms of coercion (2) abduction (3) fraud (4) deception (5) abuse of power of of position taking advantage of the vulnerability of a person (6) giving or receiving of money or benefit to obtain the consent of the person having control over another person.

As in the above Paragraph, the “Trafficking in Persons” defined by the Law is very comprehensive and complete. However, it can be interpreted (or was interpreted in some cases) that anybody who facilitates the migration of a person who is in the livelihood hardship can be considered a trafficker. As majority of people in the rural areas from where many people migrate are in some kind of livelihood hardship, anybody who helps them migrate can be considered a trafficker who is in a position taking advantage of the vulnerability of that person. Although the trafficking in persons is defined broadly to cover all possible human trafficking cases, inappropriate interpretation (or over-interpretation) may lead to undesirable outcomes and traditional way of migration through social network with the help of friends and returned migrants may become human trafficking. One example is the incarceration of a woman (with

human trafficking charges) who got married in China, visited her hometown and brought along her friends (who were seeking marriage) on her way back to China. The women was interviewed in Taunggyi prison in 2009 and similar cases were found during the Interview surveys conducted in the Dry Zone in 2010.

In addition to misinterpretation or over-interpretation of legal provisions, there also are cases in which migrants have no choice but to go underground. For instance, Article 3(2) of Myanmar Immigration (Emergency Provisions) Act, 1947, states:

No citizen of the Union of Myanmar shall enter the Union without a valid Union of Myanmar passport, or a certificate in lieu thereof, issued by a competent authority: Provided that this section shall not apply to a person, who, in proceeding from one place in the Union of Myanmar to another place in the Union of Myanmar, traverses in the course of that journey any extra-territorial waters.

In accordance with this Article, Myanmar migrant workers who had left Myanmar with short-term border passes to work in Thailand were stopped upon their return as they tried to enter into Myanmar without a passport, meaning that afterwards they had no choice but to go underground with the help of brokers in order to return to Myanmar.

9.2. Policies and their consequences

While misinterpretation of laws and regulations including MOUs and agreements in many cases may lead to unintended undesirable outcomes and corruptions, policies in terms of directives and instructions issued in response to incidences happened at that time could also lead to undesirable consequences.

Consequences of migration related ad-hoc policy actions

Some examples of policies, their possible intentions and consequences in Myanmar could be seen in the following table.

Table 9.3: Examples of migration-related policy actions, their intentions and consequences

Policy Action	Possible Intention	Consequences
Employment agencies were licensed	To strengthen legal migration that can easily be regulated	<p>The majority of people traveling or migrating to a neighboring country by land live close to the border and employment agencies in the city area have no meaning for them. As traveling across the border by land is permitted only for a short period, migrant workers traveling across borders for a longer period cannot be legal. Hence, the policy intention to legalize migration is not met. It would have been more effective to issue a policy to legalize the migration across the border by land for a longer period.</p>
Minimum number of migrants to be sent by employment agencies is fixed depending on receiving country; and minimum percentage of wage to be sent back as family remittance is set for some countries.	To control employment agencies that evade taxes by falsifying the number of migrants sent by them.	<p>This policy action further encourages employment agencies to cheat more. As a result, employment agencies show only the minimum number of migrants they sent, and show the minimum wage that migrants receive. Then, the employment agencies deposit a percentage of wage (as fixed by the authorities) in the bank account to show that they are sent back by migrants as per the family remittance program. There is a cost to it that is charged to the migrants as a service fee. When the service fee became higher, authorities fixed the maximum amount of service fees to be charged. Then, the employment agencies tried to find an alternative way to charge more.</p> <p>This example shows that if the policy action is not realistic, people will try to avoid in many ways. This will never end unless the unrealistic policies are reviewed and amended.</p>
Temporary passports were issued at borders.	To legalize illegal Myanmar migrants in Thailand	<p>The majority of Myanmar migrants in Thailand are illegal and cannot freely travel across the country.</p> <p>The employers also do not allow them to take leave to go to the border and have temporary passports issued. In many cases, employers do not want them to be legal. If they become legal, employers will have to pay higher wages and may probably face a job-hopping problem.</p>

Policy Action	Possible Intention	Consequences
		<p>As a result, brokers started asking for a lot of money to have a temporary passport issued. It would have been much better if Myanmar and Thai authorities cooperated to issue permanent passports in places in Thailand where there are a lot of Myanmar migrants. Application of permanent passports requires a national identification card and household registration. In rural areas of Myanmar where most Myanmar migrants in Thailand come from, there still are a lot of people who do not have these documents. Hence, it is not uncommon that Myanmar migrants in Thailand do not have these documents to apply for permanent passports.</p> <p>Note: Myanmar started on National Verification (NV) process in 2003 only in one place, Pha-An. In July 2009, it opened NV in Tachilek, Myawaddy and Kawthaung. In July 2010, it opened NV in Thailand (Ranong). In July 2011, NV passport validity was extended for 3-6 years. In April 2012, it started issuing machine-readable NV passports, and opened 6 NV centers in Thailand.</p>
Border gates are strictly controlled	To control illegal migration	<p>The majority of migrants go through the borders legally with 7-day border passes and continue staying illegally after the 7 days. Hence, the strict controls at the border gates would neither control the flow of migration nor improve the migrants' condition in the host countries.</p>
As per the 2003 MOU between the Myanmar and Thai governments, the legalization of migrants allows them to stay in Thailand for a maximum 4 years prior to a	To regulate migration	<p>This policy even discourages migrants to become legal. Although the officials from both countries later agreed to find a way to allow migrants to remain in Thailand beyond 4 years, it is not transparently implemented.</p>

Policy Action	Possible Intention	Consequences
compulsory return to Myanmar for at least 3 years.		
Migration facilitation by a person or an agent without having official license could be considered human smuggling.	To control illegal migration	<p>It is very common in rural areas of Myanmar that migrant workers in Thailand come back to bring people to where they are working.</p> <p>Some former migrant workers also act as agents or brokers.</p> <p>Some migrant workers do not come back but ask those agents to bring their friends/family members come to Thailand. According to the current policy, they are considered to be human smuggling.</p> <p>While there are brokers who cheat and get the migrants who are brought by them to Thailand into trouble and exploit them, there also are many cases that prove the broker/agent system in the rural area is the most efficient system for affordable migration. The policy should have been focused on legalizing these brokers and agents rather than driving them out. Since the broker/agent system has been in existence for decades and has proven to be quite efficient in many cases, it is not possible to drive them out.</p>

Source: Author's surveys during 2008~16

The above examples show how migration related policies are issued without taking into consideration the possible consequences they would have, which leads to situations where their intentions are not met and they create more complicated problems at the end.

Consequences of non-migration related ad-hoc policy actions

There are also many non-migration related policies in various economic sectors that create more issues rather than addressing current ones. These policies are ad-hoc policies reacting to issues after issues and they tend to create even more issues to be addressed.

Table 9.4: Examples of non-migration-related policy actions (related to agricultural sector) in the rural area where most Myanmar migrants come from; their intentions and consequences

Policy Action	Possible Intention	Consequences
Encourage the NGOs, private businessmen, and micro-finance institutions to provide credits to farmers.	To develop the socio-economic conditions of farmers and to develop the agricultural sector	<p>It is proven in a previous <i>Chapter 7</i> that providing micro-credits to farmers is a good approach; however, unless a favorable environment is created, it is unlikely that the policy's intention can be met.</p> <p>In addition, farmers are not comfortable with such seasonal credits because they have to pay back the principle amount as soon as the season ends. If they take the expensive credits from the informal market, they don't need to make a full repayment as long as they can pay the interest regularly. Hence, farmers do not see the high interest as a burden but see the fixed timing of a full repayment as soon as the season ends as a burden to them.</p>
In some cases, in-kind credits such as fertilizers, seeds and pesticides are provided.	To reduce the burden for farmers buying these agricultural inputs with expensive credits from informal markets and to avoid fake products.	<p>Some farmers are not comfortable with in-kind credits in terms of fertilizers and pesticides. Some farmers are concerned about the fertilizers (which they have never used before) provided by the project. Some of them still want to use these fertilizers; however, they also want to use known fertilizers such as urea and t-super.</p> <p>In some areas, farmers think that fertilizer prices fixed by the project (i.e. by the specialized or special purpose companies) should be lower as they are directly imported and are provided by these companies. On the contrary, they are similar to prices at grocery stores around the corner or higher.</p>
Encourage farmers to grow policy crops such as high-yield hybrid paddy rice or sunflower	To develop socio-economic conditions for farmers as these crops are high-yield or have a high sale price.	<p>These crops require more investment (which most farmers do not have) as they require more amounts of agricultural inputs.</p> <p>Although authorities sometimes ensure that there is a demand by appointing a businessman to buy these crops for exports, farmers are not comfortable with a limited number of buyers because these buyers can manipulate in a monopoly environment and farmers will have no</p>

Policy Action	Possible Intention	Consequences
		choice but to sell to them as there are no other places to sell their products.
Encourage farmers to buy power tillers made by a state-owned enterprise	To encourage the mechanization in the agricultural sector	The power tillers made by a state-owned enterprise are in very poor condition so that farmers need to incur additional costs to overhaul them; otherwise, the leveling of farms tilled by these machines become wok-shaped resulting in yield decline.
Implementation of pilot farming	To convince farmers that mechanization, transplanting and proper use of agricultural inputs in the pilot farms could produce higher yield so that farmers would also apply the same methods to their farms.	Farmers who have been farming 10-50 acres do not believe in the results of a small pilot farm. They often believe that the methods used in a small pilot farm cannot be replicated in their larger farms. What they need is a guarantee or someone to take responsibility if something goes wrong when the new method is applied.
Dams are constructed to supply water to farms	To enable at least double-crop farming so that production can be increased, farmers will have more income and exports can rise.	<p>There are many places where irrigation canals are not adequate. In some places, only a smaller area on one side of the dam can access the water supply in the summer.</p> <p>Due to the lack of irrigation, farmers still rely heavily on the weather. There are problems if the rain is late and/or little. They will not have enough water for cultivation. If the rain is early and/or too much, they cannot grow rice, because the whole farm is flooded due to a poor drainage system.</p> <p>It is acceptable that cultivation and productivity in the agricultural sector depend on weather in most areas; however, cultivation in Myanmar (especially in the Ayeyarwaddy Delta) is much more sensitive to weather changes.</p> <p>Without having support in improving the irrigation system and drainage, productivity and farmers' capacity to pay back credit would always be sensitive to weather changes.</p>

Source: Author's surveys during 2008-16

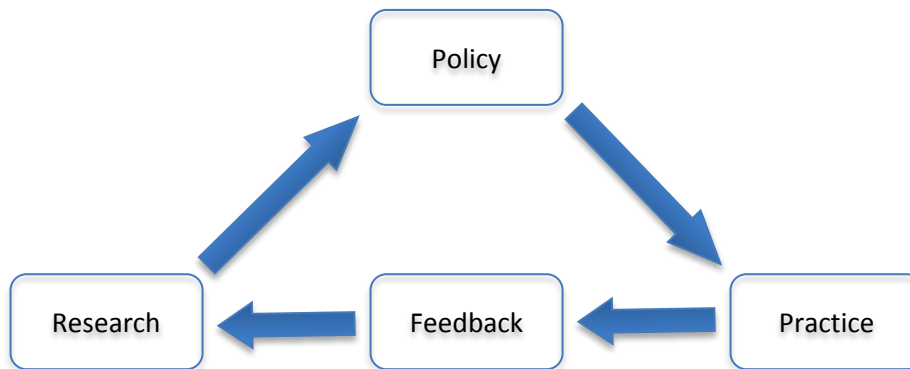
Better policy for the future

In order to make the policy actions meet their desired intentions, discussions with all stakeholders are necessary. In most cases, only discussions with the boundary partners (who are to implement policy actions) are conducted. While all the boundary partners are also stakeholders; all the stakeholders are not boundary partners. The interests of stakeholders can also be very different.

Hence, in order to avoid policy miscommunication, the sequence should start from “research” and followed by “policy” and “practice”. Research is needed to understand the whole picture; more importantly, to understand the interests of all the stakeholders before the policies are issued. When policies are issued, another important task is to practice the policies properly or to enforce them. Then, research is again required to get feedback of the policy. The feedback should be properly analyzed through the evaluation research in order to properly find out which parts of the policy should be adjusted. If the policy intention is not met, such a policy should be adjusted or in some cases, cancelled or repealed.

Hence, two types of research are important for both policy development and policy evaluation. The first type of research is needed to develop a policy that will serve the purpose of the regulator without having adverse impacts on those who are regulated. The second type of research or evaluation is needed for further policy adjustments. In many developing and underdeveloped countries, the role of research is not widely recognized. It is considered to be only for the academic world. In the case of Myanmar, there are not much research on migration. The some available research reports on migration are not meant for policy recommendation, rather they are meant to criticize or defame the government for its ignorance or wrongdoing for a political purpose. These reports do not help communicate with the relevant authorities for the purpose of policy advocacy. However, after 2011, when the new government came into power and the process of democratization gained momentum in Myanmar, more non-government organizations collaborate with the relevant authorities of Myanmar to address the issues of Myanmar migrants in receiving countries especially in Thailand and Malaysia.

Figure 9.1: Sequence in policy development



Source: Author's surveys

Policy actions in rural areas can produce different outcomes for different stakeholders. In most villages in rural areas, there are farmers of big farms, small-holder farmers (whose interest could be very different from farmers of big farms), those whose livelihood depends on toddy palm trees, livestock breeders, fishermen and/or fishery farmers, contracted workers in farming, odd-job workers, internal migrant workers coming from other places, left-behind families of cross-border migrants, left-behind families of internal migrants and housewives. The role of housewives is also very important in rural areas because their jobs could involve everything and they could even be busier than the bread-winners of the families who focus on a single livelihood at a time. Sometimes, a single person may belong to multiple groups at different times of a year due to their engagement in multiple livelihood activities (World Bank, 2012, p.9). Research should start with a livelihood mapping recognizing all these different stakeholders in an area. Then either quantitative research, qualitative research or focus group discussions should be conducted on each group of stakeholders.

In most cases, policies tend to come out of the reports of responsible officers who collect information from the easily accessible sources such as village leaders or those who are called parents of the village (or honorary members of the village or Yat Mi Yat Pha in Myanmar language) who are normally well off and influential in the village, whose interests can be very different from other stakeholders in the village. As a result, policy actions may be suitable for

village leaders but are not realistic for other stakeholders. In most cases, policy intentions are not well disseminated to all the stakeholders and feedback on the policy implementation is not heeded in time. As a result, a policy failure can be recognized only when significant damage is already done.

Migration related policies should be based on policies related to the comprehensive socio-economic development of the rural community. If these policies are not synchronized, the policy outcomes may contradict each other and policy intentions would not be met. In Myanmar, migration is included in the comprehensive rural development and poverty reduction strategy and the government of Myanmar plans to develop measures to support migrants in terms of their basic human and labor rights in foreign countries, facilitate their ability to reconnect with their families and effectively channel their remittances to their families and to aid the development of their communities (MNPED, 2013, p.30). However, it is still not yet effectively synchronized with other strategies. These policies should equally focus on outward migration (i.e. how migration could be facilitated to be legal, accessible, affordable and secured) and reverse migration (i.e. how returning migrants can be supported to contribute more towards the development of their community of origin). It is learnt that the government has been developing appropriate strategies to encourage the diaspora or returned migrants to be able to contribute to the country's reform process. (MNPED, 2013, p.30).

In Myanmar, anti-human trafficking policy actions are more effective and far-reaching; however, policies on migration are still not up to the expectation of migrants and their families. It is because those migrants and their families are not properly consulted before these policies are issued. Myanmar migrants even in a single country like Thailand came from different areas and ethnicities of Myanmar. For instance, Bamar and Karen ethnic nationals from Myanmar can be abundantly found around the Bangkok area; whereas Shan and some Kachin ethnic nationals can be found around the Chiang Mai area and Mon ethnic nationals in Mahachai, Samot Sakhon province area of Thailand. As their ethnicities, culture, beliefs, and languages are different, their interests can be very different. In addition, Myanmar migrants in Thailand, Singapore or Japan who come from different backgrounds, have different objectives and their perceptions can be very different. Furthermore, even in the same host country, the objectives and perceptions of

migrants coming from the same area and ethnicity who recently migrated can be very different from that of those who have migrated for quite some time. Hence, findings from discussions with several migrants in Thailand, or Singapore or Japan cannot be representative and cannot be fit for all Myanmar migrants of different ethnicities. That is why proper research with correct methodology is necessary to make findings representative of different migrants coming from different areas and of ethnicities of Myanmar in different host countries. Development of migration-related policies should be based on these findings and be synchronized with other policies related to the socio-economic development of the community. Otherwise, these policies would not be effective in regulating migration.

“To control” is different from “to regulate” migration. Migration cannot be controlled as it will continue through different phases and have different kinds of impacts in each phase. No matter how restrictive the policies that are issued, migration will still continue and migration related issues will escalate. The control on migration would further need more controls. Such policies will create a vicious cycle of controls after controls without addressing the root causes of the issues. The “control” on migration has always been a major focus of migration management in the region (Wongboonsin, 2009, p.181)

A policy should use efficient communication. Efficient communication requires an exchange between the communicator and communicatee. An efficient exchange can strengthen the enforcement. Whether or not there is an efficient exchange can be identified through evaluations and feedback. Hence, policies are to be constantly adjusted based on evaluations and feedback. This is an area where most developing and underdeveloped countries including Myanmar are weak.

As a result, there may be three possible outcomes depending on the situation. The first outcome could be the fact that the policy developed is not effective so that it has no impact. The second outcome could be a situation where the policy developed has a positive impact to a smaller extent. In other word, the policy issued meets the objective to a smaller extent; however, it may have unintended negative impacts on other areas or people to a larger extent. The third outcome can be a situation where the policy issued meets the objective to a larger extent; however, it may still have unintended negative or mixed impacts on other areas or people to a

smaller extent. Out of these possible outcomes, the third outcome may be the best. However, even the best outcome may have some unintended impacts on other areas or people that need to be identified, recognized and remedied. Prolonged implementation of irrelevant and unrealistic policies will have more adverse impacts on multi-stakeholders which tend to systematically develop the underground economy in the medium and long run.

Underground economy originated partly from policy failures

The underground economy is an economy that cannot be avoided in many developing and underdeveloped countries. It is an economy in which legal, illegal, licit and illicit kinds of economic activities are taking place (Abrham & Schendel, 2005, p.4). These activities may roughly be categorized into three groups. In the first group, activities are illegal and illicit. People who commit these activities know that they are illegal and are not socially acceptable; however, they just do it for their own benefit. These activities vary a lot, from drug related activities to tax evasion and other criminal cases.

In the second group, legal but illicit activities are taking place; whereas, in the third group, illegal but licit activities can be found. The activities in the second group are legal but are not socially acceptable. For instance, the “dog meat market” where dog meat is sold/purchased and cooked for consumption in Yangon for construction workers coming from a country where dog meat is common is not illegal as there is no legal document prohibiting the purchase/sale and the cooking of dog meat; however, it is not socially acceptable among the majority of Myanmar people. Another example is multiple marriages. Until early 2014, it is not illegal for a man in Myanmar to marry multiple women as long as he could support them; however, culturally, it is not socially acceptable.

The activities in the third group are not legal but are socially acceptable. In some cases, people cannot simply accept that they are illegal. For instance, people at border towns crossing the borders illegally to visit their families and friends on the other side of the border never consider it illegal. Migration of a whole village across the border to work for cultivation during the harvesting season and coming back to their own village after the harvest, is never considered illegal by them. Hundreds of people who just simply cross the border on a daily basis to work

at various construction sites in a neighboring country and come back in the evening do not think they are committing illegal activities.

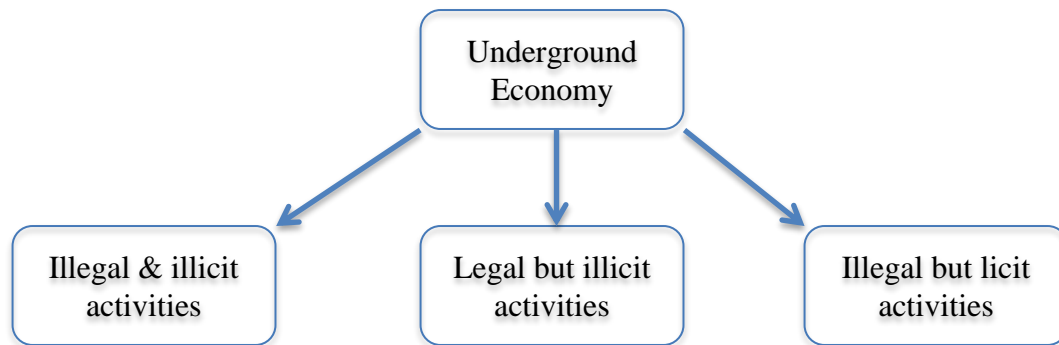
In Tachlake, bordering Maesai of Thailand, workers normally go to construction sites where they work by crossing the plantation area at the Myanmar-Thai border. The farm owner collects five Thai Baht per head for crossing his plantation area. In the perception of the workers, it is just considered as an entrance fee or toll fee, which they have to pay to go to the construction sites daily.

Many families including those of farmers, workers and migrants, still cannot avoid borrowing from informal markets at high interest rates that ranges from 3 to 20 percent per month depending on type of collateral and trustworthiness. Many families of migrants who do well in the host countries with the remittance sources lend to other families who borrow for their livelihood or for the migration of a family member (Voladet, Aprichartollip & Imamura, 2009, p.38). As per the existing legal framework in Myanmar, the lending activities committed by those other than registered banks, non-bank financial institutions and micro-finance institutions are not legal. However, such kind of informal lending activity is widespread across the whole country and the majority of people do not even know that it is not legal. A reason why it has become socially acceptable although it is not legal is due to the lack of alternative choices, such as borrowing formally from financial institutions. In this case, people may get cheaper credits from formal financial institutions; however, they do not have access to them.

In many cases, affordability is also another factor that is taken into account. As the formal way of migration is expensive, people do not simply have a choice but to take more affordable way of migration no matter if it is legal or illegal. In this case, although there are choices available, people committing illegal activities have no other choice because they simply cannot afford to take other choices.

Similarly, there are many other cases where there are choices; however, people simply cannot take these choices due to factors other than price. Irrelevant and unrealistic policies could well be a factor because of which many people have no choice but to commit activities that are not legal. Under such circumstances, these activities are perceived to be normal and socially acceptable even though they may not be legal.

Figure 9.2: Underground economy



Source: Author's surveys

There are many people who become involved in the underground economy intentionally or unintentionally because they have no other choice. Hence, policies that create choices (that people are willing to take) could drive them from the underground economy and bring them to the formal sector. As long as policies creating choices (that people cannot take) exist, the underground economy will still persist. As long as these policies (that could create acceptable choices for the people) are not in place, any activity or policy intended to minimize the underground economy could result in undesirable effects because the underground economy is like a window while the formal economy like a door is still not open yet. Through that window, a cool breeze may come and go. A cool breeze may be a favorable business environment, which cannot be created by the formal economy due to some restrictive policies. Along with the cool breeze, flies may also come and go. Those flies may be those who commit illegal and illicit activities. If the window is shut due to the flies while the door, equipped with mosquito/fly net, is still not systematically open, the cool breeze will no longer be available. Hence, while the policies focusing on installing the mosquito/fly net to the door and getting the door open systematically, are being developed (i.e., in other word, while the policies focusing on structural changes are being developed), policies to shut the window should be avoided although policies to crush the flies coming from the window can be implemented.

The underground economy is quite big in Myanmar. Although the contribution of the underground economy is quite significant, it cannot still be properly quantified. It is hoped that

when Myanmar adopts the SNA-2008⁴¹, the contribution of such an enormous underground economy to the economic development can be quantified. Under the current situation, a significant share of undocumented trades especially with the neighboring countries⁴², significant inflows of remittances from Myanmar migrants going through the underground channel, significant amount of undocumented inward foreign direct investments, etc., are still not recognized. They have been contributing a lot to the economy of Myanmar but their contribution is still not taken into account.

In addition, if the taxes that could have been collected from the underground economy is received, it can quantitatively and enormously contribute further to economic development. It is often misunderstood that people get into the underground economy simply because they want to evade taxes in the first place. There are many cases that people who are willing to pay taxes have no other choice but to enter into such an underground economy.

Many cases of migration from Myanmar depend a lot on the people who are involved in the underground economy. Migrants rely on informal brokers/agents in their community of origin to migrate. If they don't have enough funding for migration, they have to borrow from informal lenders. After they migrate, they need to find employers who are willing to employ them (who are illegal migrants) through informal brokers in the host country. After they get a job, they still have to rely on informal *hundi* brokers to send part of their income to their families in the community of origin. When they want to return for holidays, they still have to rely on informal brokers/agents in the host countries who would help in their safe return. When they go back to their workplace after the holidays, they again have to rely on the informal brokers/agents to get them safely cross the border and get back to their workplace.

⁴¹ It is the United Nations System of National Accounts (abbreviated as "SNA" or "UNSNA"). It is an international standard system of national accounts, firstly published in 1953. Handbooks have been released for the 1968 revision, 1993 revision, and the 2008 revision. Myanmar national accounts are based on 1963 revision. The Ministry of National Planning and Economic Development of Myanmar plans to develop the national accounts based on 2008 revision which takes into account of informal (underground) economic activities.

⁴² Although Myanmar is neighboring to five countries that are China, India, Thailand, Lao PDR and Bangladesh, more informal trades and underground activities with China and Thailand could be found.

Out of the nearly 10 percent of the 51 million population, which is around 5 million that is out of the country as migrants, at least 2-3 million, which is more than half are in Thailand (Aung, 2009, p.10; IOM, 2008, p.69). As the majority of those in Thailand left the country informally with the support of the informal players in the underground economy, the extent of Myanmar migrants' dependence on the underground economy is enormous. The whole migration sector could have been a different scenario if the underground economy did not exist. Hence, changes in the underground economy could affect the migration, negatively or positively.

If the underground economy keeps expanding (i.e., more windows are open), more cool breeze can come and go (i.e. favorable environment will expand); however, it would be very difficult to recognize them, quantify them, and guide them to contribute effectively to economic development. In addition, if the underground economy becomes larger, it would be more difficult and complicated to control if undesirable effects emerge (i.e. in other word, it will be very difficult to control if a lot of flies get in). Hence, policy consideration to minimize the underground economy without disrupting the current illegal but licit activities and without having an adverse affect on the existing informal players should be made.

The first step to minimize the underground economy is to legalize the informal players in the underground economy and bring them into formal economy. Necessary trainings and incentives could be considered to accomplish this. Voices of these informal players and all the stakeholders should be properly listened to and heard. In most cases, their concerns are not thought of by policy makers, meaning that policy decisions may drive them deeper into the illegal and illicit economy.

The second step is to create a favorable environment in the formal economic sector. In the case of migration, the most important thing is to create legal, accessible, affordable, predictable and secured migration channels for the migrants. It requires many sectoral policies to change. For instance, in order to allow those around the borders to migrate to neighboring countries legally for a longer time with permanent passports, many immigration related policies should be changed.

Similarly, in order to make the funding for migration cheaper and more accessible, many financial policies have to change, and in addition, a variety of new financial products needs to be developed. In order to legalize the informal brokers/agents, some labor policies (that make the existing registered labor agents have no choice but to cheat on number of labor sent, wages of labors and agency fees), should be changed.

Creating a favorable environment not only requires some existing policies in the home country to change but it also needs more efforts to negotiate/cooperate with host countries' governments, non-government organizations and civil society groups that protect the rights of labor migrants in host countries.

It should not be laws, regulations, and instructions of the government that force the migrants not to rely on the informal players and the underground economy; rather, migrants themselves should feel comfortable and secured to use the formal and legal players. The underground economy and informal players emerged due to weaknesses in the formal system. Unless these weaknesses in the formal economy are fixed, the role of informal players and underground economy will not be minimized.

Some informal activities in various economic sectors and their causes can be found in the following table.

Table 9.5: Examples of informal activities in some sectors

Sector	Examples of informal activities	Cause
Investment sector	<p>Informal flows of investment are expanded.</p> <p>Many foreign investors brought their investment capitals through various informal channels, and make investment under the name of local people.</p> <p>Although this is not legal, it is a very common practice in the business community and is considered to be socially legitimate everywhere.</p>	<p>This is due to some restrictive policies on foreign investment.</p> <p>There still are several restrictions on foreign investors depending on types of business. In some cases, foreign investment up to a certain fixed percentage is allowed with conditions (such as local content requirements).</p>

Sector	Examples of informal activities	Cause
Trade sector	<p>Informal trade flows keep expanding.</p> <p>More and more imports and exports are undocumented. There is a significant number of traders who import or export under the name of other bigger traders (whom they don't even know) or simply just smuggle in or out.</p>	<p>This is due to restrictive trade policies and cumbersome procedures.</p> <p>The import or export of any product requires license each time. Although the trade authorities have relaxed the licensing system for some products, application for an automatic license is still required.</p> <p>Other restrictive policies include minimum FOB or CNF price for some products and ad-hoc restrictions for export or import of some products.</p>
Trade sector	<p>Exporters/importers set up their proxy companies (mostly) in Singapore, and import/export products from/to their proxy companies.</p> <p>It is not illegal to set up a proxy company out of the country; however, it can be considered cheating as they disclose the proxy company as their trade partners and agree on the terms favorable to the main company.</p> <p>In reality, the main companies do not intend to set terms favorable to them. They just intend to set the terms as required by trade authorities as these terms may not be accepted by actual foreign buyers/sellers.</p>	<p>This is due to restrictive trade policies related to minimum FOB or CNF price for some products and trade payment policies.</p> <p>The trade authorities often fix minimum prices for exports or imports to avoid cheating on prices. When the international prices change, these fixed prices become unrealistic. Actual foreign buyer/sellers cannot accept these fixed prices and as a result, most companies have to trade with their proxy companies that in turn trade with actual foreign buyer/sellers.</p> <p>Some payment mechanisms that can be approved by trade authorities (such as trade payment through the telex transfer to be made only after arrival of the imported goods) are not acceptable to actual foreign buyers/sellers especially in some developed countries.</p>

Sector	Examples of informal activities	Cause
Financial sector	<p>There are many people who are involved in informal financial activities (i.e. to borrow and lend in informal financial sector). Since the informal credits are very expensive (having the interest rate of 3-20 percent per month, i.e. 36-240 percent per annum), those who borrow from the informal sector due to some emergency cases have suffered from enormous credit burdens.</p>	<p>This is due to the restrictive policies in the financial sector, which discourage the financial inclusion and limit the formal financial services and products to grow in rural areas.</p>
Financial sector	<p>Many migrants still rely on informal remittance channels such as personal hand-carrying or delivery by friends/relatives or <i>hundi</i>.</p>	<p>This is due to restrictive financial policies that limit the growth of certain financial products/services that facilitate the formal cross-border remittances.</p> <p>Although Myanmar migrants' lack access to the formal financial sector in host countries due to their illegal status, there are many other financial products (such as cross-border mobile payment services) that should have been developed in order to overcome this hurdle.</p>
Immigration/ emigration sector	<p>Legal migration is very expensive for those living around the borders as they cannot just simply cross the border. Instead, they have to go over to the city area where majority of them have never been, apply for passports and get connected with legal employment agents. The activities of which make the whole migration process expensive.</p>	<p>This is due to restrictive immigration policies that do not allow people to go across the border with permanent passports.</p> <p>As per the existing regulations, people traveling to neighboring countries by land through borders are issued with temporary passes or border passports that do not allow them to stay longer and to go beyond a</p>

Sector	Examples of informal activities	Cause
	As a result, almost all the people living around the borders cross them and over-stay in the host countries illegally for employment. They have to rely on many informal players for their migration and return.	certain distance from the border areas. Those who are issued permanent passports can only travel by air (or by sea in some cases for seafarers), and return only by air or by sea. Those with permanent passports are not allowed to go out or come back by land through borders.

Source: Author's surveys during 2008~16

There are many economic sectors such as the tourism sector, the manufacturing sector, the energy and the mining sector and the financial sector, where various kinds of informal activities exist. As elaborated in the above-mentioned table, a majority of them are caused simply by restrictive policies. These restrictive policies could have been developed for sound reasons at the time. However, these policies should have been constantly reviewed to see if they were still relevant or if they had adverse impacts on other areas and necessary adjustments should have been made. If not, the more informal activities and the underground economy would keep expanding until the point where it could not be controlled and would start having negative impacts on every sector.

Examples of some successful policy adjustments

While some policies with good intentions are found to have led to undesirable consequences, some policies that have been adjusted in time are found to have produced successful results in many areas. Examples of some successful policies among many others are illustrated in the following table.

Table 9.6: Examples of some successful policy adjustments in some economic sectors

Sector	Previous situation	Successful policies and benefits
Immigration/ emigration sector	<p>Until recently, it was not easy to get hold of a passport as the passport application center used to be located only in Yangon. Even though a passport is in hand, further procedures such as application for Form-19 (required for tax clearance) and application for Departure form were necessary. As a result, brokers had sprung up, corruptions became rampant, and many people (especially from rural places far from Yangon) had suffered.</p>	<p>A policy was issued to operate multiple passport application centers so that many people now have easier access to them. Validity of passports is extended from three to five years. In addition, other procedures such as application for Form-19, Departure form, etc., are no longer necessary.</p> <p>As a result, most brokers have disappeared, corruptions subsided and many people find it more convenient to travel overseas legally.</p> <p>Previously, policy makers tend to establish unnecessary links between approvals. For instance, approval to issue a passport is linked with approval of tax clearance. As a result, tax officers did not make enough effort for tax collection as they simply waited for the time somebody had to come to them in order to get the approval for something else. Now, a new policy has cut this link so that people can get approval for passport easily and quickly while tax officers have to take their own responsibility to follow up.</p>

Sector	Previous situation	Successful policies and benefits
Immigration/ emigration sector	<p>Until recently, Myanmar passport holders (except official and diplomatic passport holders) required a visa to enter into any country. For instance, people had to take a que from 5am every morning in front of the Thai Embassy in Yangon to apply for visa. People living in places like Mon State found it hard to come all the way to Yangon and take a que for visa application. As a result, they simply crossed the border through an illegal channel (which is considered to be historically licit or socially acceptable) as elaborated in the <i>Chapter 3</i>.</p>	<p>Myanmar has entered into visa-free agreements with many countries including Thailand, the Philippines, Indonesia, Vietnam, etc. As the application for passport has become much easier and traveling to a country like Thailand to visit migrant family members no longer require visa application, more and more people are traveling legally these days.</p> <p>Previously, authorities in Myanmar could not think of visa-free agreement with other countries as they thought they would not be able to control the security if many foreigners would come without visa. This new policy has tremendously opened up far more number of tourists and business travelers beyond their expectation.</p>
Immigration/ emigration sector	<p>Myanmar was under the military government until 2010 and many people who had involved in politics one way or another had fled the country and could not return as they were black-listed.</p>	<p>In 2011, the first democratically elected government had come up with a policy to welcome all Myanmar citizens (including those black-listed due to political reasons) to come back and contribute towards development. As a result, many Myanmar professionals had returned and had taken some important political as well as administrative roles.</p>

Sector	Previous situation	Successful policies and benefits
Immigration/ emigration sector	It is required to apply for visa for any foreigner to enter into Myanmar. Although foreigners working for Myanmar Investment Commission registered companies might not have a big problem, many foreigners doing business with Myanmar found it not easy at all as they had to plan ahead for Myanmar visa application.	Although foreigners who are citizens of countries with which Myanmar had signed visa-free agreement can enter into Myanmar without having a visa, it is still required for other foreigners to apply for Myanmar visa. However, the policy implementation on e-visa and visa-on-arrival system had eased all the previous problems.
Telecom sector	Myanmar Post and Telecoms (MPT) which is a state-owned telecom company had monopolized the telecommunication sector in Myanmar for the past decades. As it was a profitable business, competition was never allowed in the sector and “security” was always given as an excuse not to have a non-state-owned telecom operator. Even after the new quasi civilian government took office in 2011 during which a mobile SIM card costed around US\$ 250, MPT said that it would never be possible to sell a SIM card at Kyat 5,000 (i.e. around US\$ 5) due to infrastructure costs.	Telecommunication policy was abruptly changed to allow two international mobile operators which were selected through the international tender system. Out of 91 candidates, only 2 operators were selected. As a result, the cost of a SIM card had immediately gone down to Kyats 1,500 and mobile density was tremendously increased from 5~6 percent in 2011 to over 90 percent in 2016.

Sector	Previous situation	Successful policies and benefits
Trade sector	<p>Every import and export transaction required to go through licensing processes which could be cumbersome and lengthy. As a result, undocumented trades across the borders had soared.</p>	<p>A new policy had added many items to go through automatic licensing system for export and import. Although it is still not a perfectly smooth system, many trades that used to be transacted informally had become legal. A new policy in the Special Economic Zone does not require import and export of any item to go through a licensing process except for the items controlled by the international trade regimes.</p>
Financial sector	<p>Less than ten percent of population has access to banking sector. Hence, many people do not have a habit of using banks or saving at banks and this situation had further weakened the intermediary role of banks. As a result, many people had to rely on extremely expensive informal credits having negative impacts on their families as they could not pay back.</p> <p>Domestic banks' services were simple deposit taking and lending, hence, other necessary financial products such as trade finance were not available.</p>	<p>A policy had approved hundreds of foreign micro-finance companies to operate in Myanmar. Although there still are mixed results related to their positive contribution, it is clear that informal lending rates had tremendously reduced from 120~240 percent to 36~60 percent and some borrowers could replace their costly debt with the cheaper ones.</p> <p>A policy to liberalize the banking sector to some extent had made a big difference. 13 foreign bank branches have come up with more sophisticated and tailor-made trade finance schemes from which foreign investors and domestic companies can have benefits.</p>

Source: Author's surveys during 2008~16

General findings

As described in the above table, some policies that were reviewed, and adjusted boldly to be more relevant to the current situation have produced many successful outcomes. Hence, it is always recommended to conduct the regular review of existing policies and procedures and necessary changes or adjustments are to be made to be more relevant to the current situation and to be in line with the market-oriented system which Myanmar has been pursuing.

In a country like Myanmar, the underground economy may be necessary when the formal economy is not yet efficiently functioning. While illegal and illicit types of activities in the underground economy should be strictly restricted, policy flexibility should be in place for illegal but licit types of activities that facilitate necessary economic functions, which cannot yet be provided by the formal sector.

As informal activities or in other words illegal but licit types of activities are the result of restrictive policies, research for the evaluation of existing policies should be conducted. Simultaneously, extensive sectoral researches should be conducted in order to formulate additional policies that could develop a favorable environment. In Myanmar, restrictive policies are issued normally based on past undesirable incidences. If a person or a group has committed an undesired act, which had resulted in undesirable outcomes, an ad-hoc policy to restrict such act is issued. As a result, because of a person or a group, everybody has become a victim of restrictive policies. In fact, legal actions against those who took advantage and committed an undesired act should have been taken instead of issuing restrictive policies. These restrictive policies have led to a situation where informal activities have emerged to bypass them. These informal activities created an informal or underground economy, which could create a favorable environment in the short term but could lead to complicated consequences that would be more difficult to control in the longer term.

After 2011, when the new government led by President U Thein Sein started pursuing a series of reforms in many sectors, the responsible authorities started reviewing their existing policies and regulations and made various amendments to be in line with the current status. However, the weaknesses that still exists are the lack of comparison with practices in other countries and the lack of understanding of the best international practices in many cases. Some

relevant authorities still depend a lot on precedence (i.e. whether or not there was a similar practices in the past). If there is no precedence in the past, some relevant authorities are still not convinced to take initiatives for change. There are many things that need to be implemented although there was no precedence in the past and there also are many things that should not be practiced although there was a precedence in the past. Some authorities even made an attempt to copy some policies that were practiced in the 1950s during which Myanmar was a democratic nation instead of adopting the policies that are being practiced and are proven to be successful in some democratic countries at present.

As a result, the idea of taking the latecomer's advantage by learning the lessons learned by other countries and leapfrogging to be more advance is becoming null and void in many cases. As Myanmar used to be under a socialist system for nearly three decades and also under military ruling for more than two decades, some regulations and procedures are not in line with the current domestic circumstances as well as with international customary practices. Some relevant authorities still also depend on a lot of these regulations and procedures that are supposed to have been amended. Instead of making the necessary changes or amendments to the existing regulations and procedures, some authorities do not simply accept international practices because they are not spelled out in the existing regulations or procedures. As a result, they have been trying hard to speed up the process by following the existing regulations and procedures, instead of having an idea to change them and skip unnecessary steps to expedite the process, which leads to a situation where government employees have a heavier workload and the reform process is not as effective as expected by the then President.

On the other hand, more restrictive policies came out in the name of reform. In some developing and underdeveloped countries, the process of reforms started with opening up everything and then controls were put in place in areas where undesirable consequences occurred like in the case of Vietnam. However, in some countries, the process of reform started with small steps moving forward gingerly like in the case of India and Sri Lanka. It is proven that the economic growth of the countries that have gone through the former type of reform process is much higher than those that pursued the latter type of reform process.

The reform process in Myanmar is found to be neither the former nor the latter type as a whole. In some areas (for instance, reforms in the mobile telecommunications sector and reform policies related to SEZs), it seems similar to the former type. However, in most areas, it seems similar to the latter type, as more restrictive policies had come out in the name of reform in many cases. One example is the formation of a mobile team taking legal actions on all the informal trades. As per the previous analogy, it is like shutting the window to keep flies away before systematically opening the door. As a result, no cool breeze can come in, which stifles most people (i.e. the consumers and many stakeholders whose livelihoods depend on informal activities). The intention of the policy (i.e. to encourage the legal trades and to discourage the illegal trades) is very good. However, the policy was implemented before a favorable environment in the formal sector was created. As a result, the informal economy grows and the markets in the grey area become black markets, making it more difficult to regulate.

In the area of migration, many positive attempts have been made to create a favorable environment that could potentially remove the underground economy. Some examples include opening up passport offices in many areas in Myanmar where passports can be applied and issued, opening up national verification centers at six places in Thailand where Myanmar migrants are abundant in order to issue temporary passports and legalize them and collaborating with some Thai banks to develop a system in some of their ATMs through which Myanmar migrants can send remittances back to Myanmar without needing to open bank accounts. Once migrants find these new developments convenient, they would decide themselves with their own consent to do away with informal practices, meaning that formal practices and the formal economy would eventually replace the informal practices and the underground economy in the future.

Chapter 10

Conclusion

Myanmar has been a major sending country of migrants in the region having an estimate of 10 percent of its population dispersed in many other countries. The majority of unskilled and semi-skilled Myanmar migrants is concentrated in Thailand and Malaysia and they have been going through various types of hardships, exploitation and abuses mainly due to their illegal status, meaning that most studies and analyses are concentrated on these migrants and the understanding of migration from Myanmar and Myanmar migrants become skewed in many cases. As Myanmar has been isolated for decades, it was not easy in Myanmar to extensively conduct migration related surveys and researches similar to those conducted in Thailand and Malaysia. As a result, some studies on migration from Myanmar highlighted the cases that may not reflect the whole picture and could create more misunderstandings. It does not mean that these studies are incorrect; instead, it means that they are not complete.

Being the second biggest country in the South East Asia region, having more than a hundred ethnic nationalities with their own languages and cultures, having diverse geographical areas with sea shores in the south, dry zone in the middle and snowy mountains in the north, having different political systems in the past as the country has gone through democratic era, socialist era, military ruling era, and once again democratic era recently, Myanmar is complicated and so is the migration from Myanmar. Historical connections with neighboring countries sharing the same places in the past or having the same places in one country at a time and in another country at a different time, make it even more complicated. A totally contrasting development history of the country, being one of the most developed nations in the region in the past until 1950s after which it had become the least developed country in the world, also makes it complicated as the DNA of the past exists in some places but do not exist in others.

Hence, the fact that Myanmar as a poor country under a tremendous political pressure of the West having various human rights abuses highlighted in the international media, had largely skewed the perception of the majority on migration of people from Myanmar. As a result, some

studies on migration from Myanmar are found to be largely politicized. Having such negative perception in mind, surveys on a group of Myanmar refugees in Thailand or on Myanmar migrant workers who are engaged in dirty, difficult, dangerous and disgraceful type of works in these countries had resulted in a simplified assumption that the migration from an underdeveloped country like Myanmar is forced migration largely caused either by poverty, politics or conflict. As a result, studies on different groups of migration that are either conflict-induced forced migration or non-conflict-induced forced migration are widely recognized, whereas, the studies on economic-induced non-forced migration are not well received.

In fact, migration from Myanmar can be either conflict-induced or non-conflict-induced, forced or non-forced depending on where they originate. The conflicts and clashes in some areas of Myanmar have triggered cross-border or internal migration, whereas, development related non-conflict-induced migration as a result of relocation and resettlement due to mega project developments might have also triggered such migrations. The effects of such desperate and destitute forced migration can be very negative. However, as the number of conflicts and clashes happened only in some areas (i.e. in the Mon and Karen States in the past, Kachin State and northern Shan State), and the number of mega projects is limited in Myanmar, these types of forced migration compared to a large number of economic-induced migration are minimal. It is more complicated to study the economic induced migration from Myanmar as they can be very different having different causes and consequences depending on where they originate, being in different phase of the migration lifecycle and also other facilitating factors in the community of origin.

As the causes of migration can be different depending on geographical areas, ethnicity and community of origin, the effects of migration even in the same community can be very different depending on many factors that include, but not limited to, the migration costs, migration channel, destination country, and other facilitating factors. Depending on causes and effects, the costs and benefits of migration can also vary a lot. As a result, the question of whether migration is good or bad does not have a simple answer. The migration from Myanmar to Thailand is even more complicated because misperceptions, informal activities, smugglings, corruptions and policy failures are often involved. Many migrants and their families still do not

understand what is legal and what is not; however, many migrants and their families are not reluctant to make important decisions on a regular basis that are the most suitable for the conditions surrounding them. Some of these decisions may be considered lame from a different perspective; however, they are found to be the wisest kind of decisions under a particular situation, which the decision maker is in.

The regulators often do not try to understand what those to be regulated think and often come up with various policies that have adverse impacts on their livelihoods. Under such situation, the actual outcomes of a policy can significantly deviate from the policy's objectives. A policy that could be suitable for a certain time and certain situation may not be suitable for a different time and situation. These kinds of policies that are not suitable often create undesirable outcomes. In many underdeveloped and developing countries, regulators often come up with additional policies to control the outcomes created by unsuitable policies instead of cancelling or amending them, meaning that they often make new wrong policies based on old wrong policies.

The new wrong policies based on old wrong policies often make things more complicated for both regulators and those being regulated. They often make the demarcation between what is legal and what is not so vague creating a wider grey area where informal activities flourish. Although some informal activities have emerged with the purpose of engaging in illegal and criminal activities (which can be considered illegal activities), some came out due to policy failures. The regulators became confused between illegal activities and informal ones and simply try to crush all of them making those who are regulated more confused between what is right or wrong or what is illegal or illicit. As a result, migrants and their families often engage in many informal activities that are illegal from the regulators aspect but are licit or socially legitimate from the perception of those regulated. These informal activities have emerged not only from policy failures but also from the lack of alternative activities that are considered legal. It may have been wiser if these informal activities were accepted until the time formal activities that are considered legal became available and gradually replace them. However, this is not usually the case in many countries, resulting in a situation where most

underdeveloped and developing countries in the region are full of informal activities in many sectors.

The unclear demarcation between what is legal and what is not often creates corruptions. In the case of migration, it is often confusing between migration and human smuggling. Migration cannot take place without any facilitating factors accessible to migrants and their families. If a facilitating factor accessible to them is not legal, it can be considered human smuggling. A former migrant or a current migrant returning home for holidays can be an introducer for those who would decide to come along with him when he returns to his workplace. It is often very common to pay fees to the introducer or to cover his travel expenses back to his workplace. As the introducer is not a legal overseas employment agent and as he receives some benefits, for instance in terms of travel expense, regardless of how small these benefits are, it can be considered human smuggling. Hence, a simple migration arrangement can become illegal without having those who committed the act even notice that they are entering into a grey zone where they can get into trouble. The corruption cases in many countries in the region often originated from these grey areas that can exist in multiple sectors. These grey areas emerged due to many reasons that included the absence of appropriate policies and/or weak enforcement and/or policy failures.

Regardless of the irregularity of migration, migrants' perspectives can be very consistent as they simply think about the livelihood of their own and their left-behind families. In most cases, the regulators either think too narrowly (whether it is legal or illegal) or too broadly as in how migrants can be a threat to the national security and/or have impacts on labor market. It is correct that regulators need to see things both from the macro- and micro-perspective; however, the livelihood of migrants and their families are often ignored or are not an important part of the formula they create. The role of non-government organizations and civil society groups becomes important to possibly narrow the gap between what the regulators think and what those regulated (i.e. migrants and their families) perceive. With their help, the migrants in the countries of destination and their families in the communities of origin can be empowered to have their rights recognized, the feedback from policies having the outcomes different from objectives can be highlighted, and policy advice for possible improvements can be given through various

channels. Although the role of civil society groups is very important, as they can be a good advisor to governments in many ways, they are often viewed negatively. In order to have the civil society groups and the government effectively cooperate and work together, a tremendous level of trust should be built up. In the case of destination countries, the trust not only between the civil society groups and the governments but also between the civil society groups and the business entities or employers should be built up. There are cases of legal actions taken by the employers against civil society groups for revealing their ignorance of labor rights, exploitations and sometimes abuses of migrant workers.

It is often not easy for employers of small- and medium-sized business entities in the developing countries to simultaneously think about profit maximization by having cost of labor per unit of production effectively reduced and about enhancing the livelihood of workers and having their rights effectively protected with ways that often increase the cost of labor. This kind of conflict of interests exists in different departments of business entities. While the marketing department wants all the stocks sold, the accounting department may be comfortable with the stocks as assets in the balance sheet. Likewise, while the human resources or manpower department may want to increase the incentives and benefits of employees or workers, increased cost of labor per unit of production could discourage the accounting and production departments. The marketing department may not be comfortable with cheap labor and the ignorance of labor rights as the demand in the international market may depend on many conditions regarding the use of child labor, exploitation and abuses, and labor rights. Hence, employers have to deal with all these conflicts of interests within their own business entities.

The regulators also have differing conflict of interests. Those in the sending country may have a conflict of interest among facilitating outward migration as a rural development and poverty reduction strategy, discouraging or limiting the outflows of labor that could potentially deplete necessary labor forces within the country and having labor supply curve shifted leftward and taking legal actions against informal activities that most migrants and their families have no choice but to engage. On the other hand, the regulators in the countries of destination have conflict of interests between enhancing the livelihoods of migrant workers by having their rights protected, managing the concerns of local workers on increased supply of labor as migrant

workers take their jobs and managing the concerns of employers related to increased labor costs if the migrant workers are sent back and/or have their rights protected. It is not easy for regulators to strike a balance which results in a situation where a policy to achieve one objective could be in conflict with other objectives. The regulators often place more priority on concerns of the employers or their local workforce, hence, the priority to enhance the living standards of the migrant workers and having their rights protected is often not at the top.

These conflict of interests could be a source of policy failures in some cases. While there are cases where a policy produces an undesirable outcome that is different from the original aim, there also are cases where a policy produces an outcome in line with its aim, however, it is undesirable for a majority of stakeholders. The latter cases are the result of issuing ad-hoc policies without having impact analyses conducted during the policy formulation stage. Both former and latter cases can be found in the migration sector. The migration sector, and the livelihoods of migrants and their families depend on both migration-related and non-migration-related policies. These policies not only have impacts on migration but also have further impacts on the livelihoods of migrants, their families, communities and the economy as a whole. While migration related policies could strengthen facilitating factors that facilitate affordable, convenient, legal and secured migration, non-migration related policies could create a favorable and enabling environment where the benefits of migration could be maximized to contribute not only towards the better livelihoods of the migrants and their families, but also towards the development of the community as a whole.

A favorable environment could be an intermediary between migration and development. It is an environment where migrants and their families could save more, make more productive investments, have alternative livelihood options, have more income and consume more for education and healthcare, all of which could contribute to the economic and social development in the community. Without having such a favorable environment, it is not fair to expect migration, migrants and their families to contribute towards development. The sustainability of such a favorable environment depends largely on political and macroeconomic stability. Although Myanmar has gone through many positive steps towards political development since 2011, significant challenges still remain to achieve a stable macroeconomic environment. Like

in other developing and underdeveloped countries, the rapid economic growth is being followed by inflation and the control on currency fluctuations has not yet been effective. Due to the lack of sophisticated financial tools and instruments, the implementation of monetary policy to control inflation or to maintain it at a reasonable level is still largely ineffective. On the fiscal side, due to increased expenditure on infrastructural developments necessary for reforms, it is still difficult to control inflation. As a result, significant challenges still remain to achieve a stable macroeconomic environment, which is to be based on creating a favorable environment through which migration can contribute towards development.

As an economy in transition, Myanmar has been going through various multi-sectoral reforms, all of which have different levels of effects on migration. Due to this, many challenges still remain; the benefits of multi-sectoral reforms still have not reached the grass-root level as the quick-wins and low hanging fruits have largely benefited those in the business sector and in the urban areas. As the implementation of rural development and poverty reduction programs and of special programs like community driven development as initiated by the World Bank could not cover the whole country, many areas still remain unchanged and do not benefit from reforms and development. As a result, cross-border and internal migration still continue, while there are many incidences of migrants returning home intending to reap the benefits of the reforms. Although the reforms in Myanmar still do not have a significant impact on migration flows into and out of the country, they have created an environment, that is more favorable than before for migrants and their families. For instance, the reforms in the telecommunication sector have tremendously enhanced the connectivity between the migrants in the countries of destination and their families in the country of origin. In addition, reforms in the financial sector make it easier for migrants in Thailand to securely send their remittances back to their families by using the ATMs of Thai banks in the Myanmar language without needing to go to a bank and to have a bank account. In the near future, such remittances to their families could be just a call away through a cross-border mobile payment. The reforms in the foreign direct investment sector and the emergence of special economic zones have had various effects on migration. The influx of foreign businessmen, professionals and skilled workers has been pushing some urban areas of Myanmar into the next phase of the migration lifecycle.

Regardless of all these reforms, Myanmar still has many diverse places that have been going through different phases of migration lifecycle and having different costs and benefits for the migrants and their families. There still are millions of Myanmar migrants abroad who are being exploited in one way or another and who have no choice but to endure extremely low level of living conditions without having their rights protected. As these migrants suffer in the countries of destination, so do their families in the country of origin. Although the relevant authorities have been trying to solve these problems – through G-to-G discussions, appointments of labor attachés in the countries where there is a large number of Myanmar migrant workers, legalization of illegal migrants and direct intervention by visiting or inspecting the factories in cooperation with the host country's government especially in severe cases of exploitation and abuse – the impacts on livelihoods of the migrants are still largely ineffective. Sometimes, a good policy issued with good intentions may not be effective if the constraints of the beneficiary are not effectively taken into account. For instance, the legalization process was not successful because the constraints on migrants that include the difficulty in taking leave, the difficulty and high cost of being an illegal migrant when traveling to a place where the legalization process takes place, the discouragement of employers from allowing migrants to legalize due to the fear of job-hopping and increased labor costs, the lengthy procedures that make it difficult to get things done within a few hours so migrants cannot return to their workplaces within a day, etc., were not seriously taken into account. The relevant authorities came up with various policies that could legalize Myanmar illegal migrants and to have their rights protected; however, the majority of these policies do not often fit with what the majority of migrants wants due to the fact that proper impact assessments were not conducted during the policy formulation stage and a proper feedback channel was not established.

It is common that most developing and underdeveloped emerging countries end up making ad-hoc policies that respond quickly to various events and incidences. These ad-hoc policies turn out to be either ineffective, effective only for a short time or may even have worse consequences. As things are changing quite rapidly in emerging countries, it is normally not possible to take the time to conduct impact assessments for all the policies they need to make sometimes on a daily basis. However, it is important that an effective feedback mechanism is

established, which could result in a situation where undesirable policies or policies that have resulted in outcomes different from their objectives, could immediately be amended or cancelled. Hence, it is also common in many emerging countries that many policies are issued responding to various incidences and many policies are amended in a short timeframe. In the case of Myanmar, policy issuance in terms of regulations, directives and instructions may not happen immediately not due to impact assessment but due to procedures for approval, depending on the type of policy. Once a policy is issued, it stays for sometime and it is not encouraged to change it quickly. In an emerging country like Myanmar, policies are supposed to change quickly and quite often, as long as such changes could bring more benefits to the stakeholders. As long as these changes are intended not to impose restrictions but to open up more, to provide more flexibility, to give more choices and to become more transparent and predictable, they would be welcomed by all the stakeholders.

Sometimes, managing diverse interests of the stakeholders in emerging countries can be very challenging. For instance, employers do not want their migrant workers to be sent back, while domestic workers want them leave. The employers do not want to legalize their migrant workers, while the migrants and non-government organizations want them legalized. These opposing interests are evident in many other areas in emerging countries as well. For instance, the regional trend is to have investments and trade liberalized, while local businessmen still prefer protectionism. As a result, it is still challenging to achieve regional targets such as achieving a free flow of goods, free flow of services, free flow of investment, free flow of skilled laborers and a freer flow of capital in establishing the ASEAN Economic Community. Although there is a significant development in the area of achieving a free flow of goods, many stakeholders in most countries in the region are still discouraged from fully achieving other regional targets. In most developing and underdeveloped countries, many stakeholders have come up with the idea of protectionism, which can largely impede the achievement of regional targets. Many stakeholders may not be comfortable with the free flows of goods, services and investments as they could impose competitive pressures on local producers and service providers. Some developing countries are very much concerned about the free flow of skilled laborers although the discussion on the free flow of professionals with certain standardized

qualifications has made progress. However, major migrant sending countries in the region are still not concerned about the free flow of skilled laborers at this moment; however, it could become a big concern for them in the near future as the vacuum created by the enormous outflows of migrants is soon to be quickly replaced by the free flow of skilled laborers from other countries in the region, making it difficult to employ returning migrants in the future. In the case of a regional target related to the freer flow of capital, the ones who are so much concerned are the monetary authorities as they lack necessary financial tools to mitigate the impacts of capital inflows and outflows in the macroeconomic environment.

The challenges in managing diverse interests of many stakeholders sometimes can impede progress, which an emerging country needs to achieve during the process of reform. The stakeholders in emerging countries often talk about taking the latecomer's advantage and leapfrogging; however, in reality, if the required information related to what went right and what went wrong in other countries is not available, no advantage can be taken. Similarly, if a policy that was proven to be right in other countries tends to conflict with the interests of a major stakeholder group, that policy may never be implemented. These are examples of why a good concept and good intention may never come to good implementation. Sometimes, implementation may have gone wrong mainly due to a sequential problem. Crushing the informal activities before formal activities are made available could have an adverse impact on many people. In the area of migration, a policy to wipe out informal activities (that a majority of migrants and their families rely on) before they are legalized or before the formal activities are accessible to migrants, could drive many people from the grey area into the black area. When the implementations are not in a proper sequence in many emerging countries, it is mainly due to two main reasons. The implementation of ad-hoc policies responding to certain incidences could be wrong in terms of the proper sequence or on impact assessment was never done in the policy formulation stage. Similarly, the implantation of the policy that was adopted because it was successful in another country or was based on international best practices could have gone wrong due to fact that they are implemented in a different environment and have different sequential developments.

In the migration sector, depending on which stage of migration lifecycle a community of origin is in, causes and effects of migration, costs and benefits and sequencing can be very different. It means that many places in Myanmar have different causes and effects of migration, and different costs and benefits, meaning that an umbrella policy that is implemented across the country at the same time would never work efficiently. As a result, umbrella policies could be successful in some areas and could be a failure in some other areas. If a policy fails, it tends to create many rippling effects unless it is remedied in a short time.

To sum up, migration can be harmful unless there is a favorable environment that promotes affordable, accessible, predictable, convenient and secured migration and enables migrants and their families to save more, make more productive investments, have more choices, have more alternative livelihood options, have more income, consume more, and spend more on social developments such as education and healthcare and build up more social capital and human security around them. In order to create such an environment, multi-sectoral policies are required and should be implemented in the proper sequence. While long-term multi-sectoral policies are being considered, priority for promoting the socio-economic conditions and livelihoods of the migrants and their families should be placed at the top.

Migrant workers from developing or underdeveloped countries in the region are coming from the lower strata of the society and are vulnerable to various kinds of exploitation and abuses. The governments only cannot protect them. It also requires strategic cooperation with non-government organizations and civil society groups that can fill the policy gaps and amend failures. The misunderstandings, misperceptions, illegalities, corruption and policy failures will still exist as there are many stakeholders involved, the stages of migration are different in the community of origin, the causes and effects of migration and the its costs and benefits vary; and there are implementation of ad-hoc policies in response to ad-hoc incidences and lack of policy feedback and amendments. It is important that all the stakeholders recognize these problems and start thinking about how they can be addressed from a multidimensional aspect, taking into consideration the betterment of migrants in the countries of destination and their families in the communities of origin.

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