

CHAPTER VI

CONCLUSION, DISCUSSIONS AND RECOMMENDATIONS

6.1. Conclusion

The money circulating in the money transfer service originated from the pocket of the migrant workers. The volume and the speed of the remittance flows are dominantly dependent on the senders' capacity to remit. The affordability to send remittances is largely dependent on the following factors; the cost of traveling and settling in a foreign country, the working condition and further mobility, the living cost, the level of income, legal status and the social network they can access have effects on their motives to remit. As travelers who enter foreign lands illegally, the whole journey is full of risk and they are subject to various vulnerabilities and struggles. The costly migration process makes their capacity of remittance sending weak in the early period of their arrival. Registration is the basic requirement for the job and life security. Being a registered worker has a guarantee to the better quality of working and safer living condition, and higher income level. Migrant workers with no registration have to expose to the exploitation, job insecurity, fear of arrest and deportation. The cost of arrest and re-entry to Thailand is enormous. Most of the difficulties they are facing in their daily life are because of legal status. It should be noted that registration is the basic requirement for the job and life security which are affecting on the saving capacity of migrant workers. However those who have access to the strong social network can reduce the number of obstacles on their way. In fact, migrants' remittances come from the net income they can set aside after overcoming all the obstacles they have to face in destination.

During previous decade, an informal remittances system has come to exist to meet the demand of the Myanmar remittance senders working in Thailand. Growing number of legal and illegal Myanmar migrants and lack of formal money transaction mechanism are the push factor for the emergence of the informal remittances services as a lucrative business. The players in the remittances system are working with a strong network based on reliability and personal trust.

Two different remittance systems are found in two research areas. While migrant workers in Bangkok are using the channels which is similar to the operating system of many other provinces in large scale, migrants in Mae Sot are using the small scale carriers. Remittances from border areas of Thailand are crossing the frontier in the form of cash and goods to reach the hands of the recipients in Mawlamyine. The cost for transferring remittances Bangkok - Mawlamyine channel is based on the manipulation of the currency exchange rate set by players of each step in the operating system while the carrier service between Mae Sot and Mawlamyine charged on migrants on the basic of the amount the migrants send. Since personal trust is the foundation of the whole informal system, no legal action can be taken for abuse of any player. The sustainability of career for service providers is reliant on the senders' satisfaction and it is important to maintain their reputation for the long run. They are meeting customer's satisfaction relatively higher than that was in the past.

Technology is widely associated with all players from top to bottom of the pyramid of the system. Mobile phone, fax are widely used to pass the information from one contact to another throughout the whole system and Automatic Teller Machines (ATM) and banks on the Thai side are playing a facilitating role linking actors and agents. Although the cash is not necessarily physically crossing the border, the local transaction in Myanmar side is also carried out by means of local banks. Moreover, all illegal and legal trade, currency manipulation and smuggling are involving in this informal money transfer service.

After reaching at the hands of the recipients, the impact of remittances on the economic development of household left behind is largely dependent on how the recipient family uses the money. Economic growth is determined not only by the ability of households to make investment with the money but also the favorable environment to do so. The intensity of poverty and the lack of opportunity to do business are affecting the expenditure pattern of money by the households in Myanmar. The saving, spending and investment behavior of the recipient households pointed out that the larger volume of remittances is flowing into the unproductive uses.

After passing all the hardship and vulnerability along the route between Thailand to Myanmar, the remittances come to be useful in the hands of recipients in Mawlamyine. The recipients used remittances for various purposes. Daily household consumption, debt repayment, buying durable and luxury goods, housing improvement, contribution to social events, donation, investment in agriculture and other business, health and education expenses are the main types they are spending with the remittances. Larger volume of remittances has been flowing into the unproductive use which does not encourage any income generation or job creativity. The size of remittances used on other kinds of productive investment remains limited. Capacity to make productive investment is largely determined by the households' original status of wealth and possession of assets, the volume of remittances they are receiving, the investment climate they are exposed.

While the possession of assets is the fertile ground for the investment for some recipient households, the amounts of the remittances are not large enough for many recipients to make investment. Fulfilling the basic needs have absorbed the whole part of remittances. Moreover, the investment climate is also discouraging to those who have potential. Weak economic infrastructure retards the growth of economic activities. More than one decade of mass migration has seen no significant small home industry or income generating and employment creating business in the village. Lack of sustainable investment makes the recipients' economy heavily dependent on the remittances. Circular migration is a common phenomenon emerged from the strong desire of the community member in meet the needs of a decent livelihood.

6.2. Discussions

In the absence of protection by Thai labor law, illegal migrants have to cope with many stressful problems in their daily life (Chantavanich et al, 2006). Regarding illegal status, unfair wages, improper working and living condition, fear of arrest and deportation, lack of access to the social service enjoyed by legal migrants are the major problems they have to encounter throughout their stay in Thailand. Yearly registration scheme under the current migration policy of Thai government is the only

one approach to temporary legal status for migrants who had entered through border as undocumented.

Since migrants know the legal status is safeguarding their life and rights, they do not take the existing registration fee as an expensive cost as long as they are capable to spend on it. Especially in this study, migrant workers in Bangkok fully recognize the legal status is the basic needs of their livelihood and do not feel any hesitation to register under the regulation of Thailand. Accordingly, they can access to the regular pay job and because of their documented status and they can save more and their remittance sending propensity higher. Unlike them, the most disadvantageous illegal migrants in Mae Sot present a worse scenario in comparison with Bangkok. Regardless of their working places whether they are working inside the factory or outside area, their average salary is much smaller than the factory workers in Bangkok. The annual expense on the registration process had been considered as a heavy burden for those who are underpaid (Huguet and Punpuing, 2005). Most of the factory workers in Mae Tao are staying as illegal by seeking protection from arrest and deportation by means of giving monthly bribery to the local police. However, the so called monthly protection fee, 100 Baht per month per worker is not effective whenever the arrest take places¹³. In the season of heavy arrest and deportation, they had to pass their days under fear and working hours had turned to hours of seeking a safe hiding place to escape from the arrest. Obviously a vicious circle is taking place in their case. Most of the illegal workers in Mae Sot are poor and they feel reluctant to spend on registration fees even though they know their employer cannot provide a shelter of full protection. Under this circumstance, their access to regular income, proper working and living condition, other basic labor rights and access to all social services are denied. As a consequence, their spending capacity on registration is weaken and they have to run in the vicious circle filled of problems. In their cases, the reason behind sending smaller amount of remittances than Bangkok migrants is more or less because of their legal status.

¹³ Factories in Mae Tao area which employed illegal Myanmar migrants deduct 100 Baht from their monthly salary for bribe to the police. The factory workers called this expense "Police Fee".

Impact of illegality also extends its influence to the migrants' access to formal remittance channels. Largely, the remittances are flowing back informally to the households of the migrants. Basically, international hundi services are running on personal trust, speed, cheap service charges and door-to-door service (Koser, 2007). Here, the hundi system currently used by the Myanmar migrants in Thailand is very similar to other informal remittance operating system in other region of the world. Legal and illegal trades, under-invoicing and the currency manipulation are the most prominent characteristics of the hundi function between Thailand and Myanmar. In addition, Thailand-Myanmar remittance channel has its own distant characteristic, too. Telephone service is associated along with other services hundi operators as a part of a money transaction. In this case the market demand among the migrants has attracted the supply of service form the providers' side. Not all the remittance sender migrants are using their own mobile phones. Similarly, telephone density is very sparse on the Myanmar side. Economically, the market of telephone service providing has been strongly grabbed by the small scale migrant entrepreneurs to fulfill the needs regular contact between the remittance senders and recipients. They use cheap telephone services charge as a means to attract more and more customers. Reasonable charge and additional customer services are attributed for the popularity of the informal remittance channels among the Myanmar migrants. In fact, the total volume of remittances flowing back to Myanmar from Thailand is difficult to estimate while even the total number of illegal migrant working in Thailand is not clearly known. In the absence of governing body which can watch every kind of transaction, it is impossible to know how big the volume of remittance is. This is one of the reason World Bank recognized the suggestion of economic analysis to add 50 percent or more to the recorded amount of remittances in order to estimate the total volume (WB, 2006a. p. xiii).

Many studies recognized that the way the remittances contribute to the local economy basically is determined by how the recipients utilized money (Garip, 2006; Osaki, 2003). It is widely accepted that not every use of remittances is productive (Black, 2003; Adam, 2005; Maphosa, 2005). Despite this different perspective can be seen regarding definition of productive and unproductive uses of remittances,

universally it is a truth to say remitters are contribution the reduction of the poverty intensity level (WB, 2006a; ADB, 2006). Whether the remittance recipients are spending larger amount on the unproductive or productive investment, it is undeniable that the remitters are supporting financially the family left behinds with the basic requirements of human life, food, shelter and clothing. In addition, expenses on the children education and health care have also been raised to a certain level. These kinds of utilization are founding the basic infrastructure for a less poverty-stricken society.

Nevertheless, it should not be underestimated the recipient households' ownership of assets and physical property. The more physical assets they own, the more likely to invest productively (Massey and Basem, 1992). The recipient households which originally built up the precondition for making investment are more likely to be able to channel the remittances to more and more productive utilization.

6.3. Recommendations

Implication of socioeconomic policies which are consistent with migration policy of the sending country is necessary in tackling the poverty and stagnant economic growth. Intense poverty and goals of life survival are the main reasons behind migration. For those who decided to use cross border migration as a life saving strategy, they have to pass many strict restrictions on Myanmar side by government authorities on their way to Thailand regardless of the route they had chosen to approach Thai border. According to a regulation, Law 367/ 120-(b) adopted by the Myanmar government, Myanmar citizens are not allowed to go to Thailand illegally and violation of this law will be entitled to the penalties of up to seven years in prison (Caouette and Pack, 2002). In reality, while the policy is preventing the outgoing migrants from leaving home, they are not provided the way to survive at home. Contradiction between migration policy and other socioeconomic policies create nothing but corruptive bureaucracy. As a result, all routes for migrant entry to Thailand are full of corruptive officials and it contribute to the higher burden of traveling cost on the shoulders of poor migrants. Economic reforms for better quality

of life for the citizen are desperately needed to be implemented. Efficient policies to narrow the widening gap between the growing population and the number of employed people are in urgent needs.

The most common recommendation usually given by the scholars who studied on remittance transfer system is to formalize the existing informal system. In Myanmar migrant case, changing the status from illegal to legal migrant is precondition to formulate a system of official money transfer from Thailand to Myanmar. At the moment, a plan to legalize Myanmar migrant in Thailand by means of Memorandum of Understanding signed between the two countries in June 2003 is yet fully implemented. According to the contents agreed in the Memorandum of Understanding, the two governments will implement the following schemes:

1. Proper Employment Procedure
2. Effective deportation and return of migrant workers at the completion of the term of their work permit
3. Appropriate labor protection
4. Prevention and intervention in illegal border crossing, illegal employment service and illegal employment of migrant workers (Muntarhorn, 2005)

It is expected that changing informal to formal money transfer can also be implemented along with the legalization of the migrants through the step by step procedures of the MoU. However, it should be noted that the enforcement in the practice is harder than giving lip service. While the signatory governments limit and control the flow of migrants by means of legal procedure, the basic labor rights entitled to the workers should be given fully. In practice, achieving the status of legal migrant is more expensive than staying as illegal migrants. If their legal migrant state does not protect them from exploitation, it will not improve their ability to remit, also. For example, Myanmar migrant workers sent to Malaysia with the legal arrangement between the two countries, many kinds of abuse and exploitation is still remaining (Wai, 2007). Ill treatment of the employers, intolerable working conditions, low wages, no rights to enjoy wage for overtime working hours, insufficient health care are the common problems faced by the Myanmar migrant workers in Malaysia.

Moreover, many employment agencies which hold license for labor recruitment are ignoring the subsequent problems faced by the migrants. Under this condition, many anecdotes had been heard in Myanmar society about Myanmar migrant workers who had run away from their present employers and abandoned their legal status in the hope of life sustaining in new job. Legal status is the basic requirement for formal remittance channels. Jumping for legal to illegal status will result only negative consequences on both home and host countries. Under this circumstance, the home country will have to make effort to tackle the problems of illegal migrants and the host country will lose the revenue to be collected from its citizens.

Moreover, as a large scale migrant sending country, effective training and empowerment programs are needed for would-be migrants to improve their job opportunity in foreign country. It can be expected the volume of remittances for the recipient family and the revenue for the country will be growing along with the higher competency of the citizen working abroad. The role of private recruitment companies recognized by the government is vital for providing the training service to the outgoing migrants. Legal employment procedure through recruitment agency is an integral part of MoU between Thailand and Myanmar to match the labor demand from employers in Thailand and the supply from Myanmar. However, using the recruitment agencies is the second step next to the verification of citizens currently working in Thailand by the sending country, Myanmar. So far, the verification is not fully implemented yet. For the time being, only 3D jobs are available for Myanmar workers who bear no legal documents and do not have access to any preparation course before going abroad. It is universal truth that migrant with higher education level and work efficiency can access to higher wages and better employments. Such workers are more likely to send remittances home. In contrary, the majority of Myanmar migrants in Thailand are still out of the registration and working in poor condition under fear of arrest and deportation.

It is not realistic for a household dependent on a small income of such a 3D job worker to put a huge part of their earning in investment. The weak potential for investment discourages their household sustainability and produces circular migration

or another generation of 3D job workers. The consequences will come generation by generation if they cannot inject capital investment to children's education or raising their own efficiency for future career development. Their children will also become hard workers in foreign land as long as they do not have access to employment in their own country as uneducated.

6.3.1. Recommendation for Further Study

Further research on the country wide study of both informal and formal remittance flows from Thailand to Myanmar and the impact of remittances on the whole economy of recipient country should be carried out in large scale. Such kind of research will be helpful for migrant host economy to identify the volume of remittances come out from the country and it will help the migrant sending countries know how to maximize the benefit from out going migration and to formulate efficient policies which will bring benefit to both the remittance recipients and the country. Not only research on economic impact of remittances, but also study on the psychological propensity of remittance senders and other social impact of remittances should be explored to narrow the existing literature gap on the remittances of Myanmar migrants.