



CHAPTER I

INTRODUCTION

This is a study on the development impact of remittances, in particular the informal remittance flow sent to Myanmar by Myanmar migrant workers working and living in Thailand. Remittances are playing a strategic role to reduce the poverty intensity and severity of developing countries like Myanmar which has been sending more than a million of migrants to foreign countries. Among three major migrant sending countries to Thailand; Myanmar, Laos PDR and Cambodia, Myanmar has been receiving the largest share of the remittances than the other countries (Chantavanich, Vangsiriphisal & Laodumrongchai, 2006).

The focus of this thesis is to explore how the remittances have impacts on the economic development of the remittance recipients in Myanmar. Selected as research area is a community with a mixture of Burmese and Mon ethnics in Mawlamyine in Mon State of Myanmar. Case Studies of twelve households linking with their twelve respondent children in Thailand via remittance service providers give the readers a portrait of remittance flows from Myanmar to Thailand through complex illegal money transfer systems. In parallel, research was also conducted in two different provinces of Thai side so as to give a comparison of two different remittance channels flowing to the same destination.

For tracing the remittance flow, research has been conducted in three phases. The first and foremost phase tried to assess the capacity of migrants who send remittances back to their households. In this phase, the study looks at determinants which shape migrant workers' remittance habits and behaviors.

The second phase examines the process of remittance service functioning and the players who involved in various steps of these processes in order to get a clear picture of the whole system. This stage tries to assess choices of remittance service available and preferred by migrant workers, types of service, as well as costs and risks posed by the illegal system of money transfer.

The last phase is the heart of the study. The research will find out whether or not and to what extent remittances contribute to the economic development of households in the place of origin. Is it the case that varied impact of remittances on the economic development of left behind households significantly depends on how those households spend money? It is assumed that the economic growth is determined not only by the ability of households to make investment with the money but also by the favorable environment. In this regard, the intensity of poverty and the lack of opportunity to do business can affect expenditure patterns of left behind households. A large portion of remittances is hence flowing into expenditure on consumer goods and urgent needs rather than investments in education, business and agriculture. In this phase, the study had tried to examine whether the greater volume of remittances is used on daily survival and non-productive expenditure rather than productive and sustainable investment or not. Basically, the saving, spending and investment behavior of the recipient households had been explored as the core of this study.

After the introduction and methodological approach as chapter one, chapter two is background information of Myanmar migrant labor in Thailand, the literature review on the nature of remittances and the conceptual framework the research bases on. The third chapter focuses on the profile and socioeconomic condition of the research sites, background information of selected cases. Major findings on the money transaction mechanism and costs of sending and receiving are presented in empirical analysis in chapter four. The propensity, way of utilizing remittances at home and its contribution on poverty alleviation are discussed in chapter five. Chapter six is the last one giving the conclusion of the findings, discussion on the findings with theoretical view and recommendations will be provided here.

1.1. Statement of the Problem

Migration is a phenomenon which goes in parallel with the fast moving globalization process. Global networks of 3Ts; transportation, telecommunication and tourism give a massive force on the mobility of people who desire to seek greener pastures in a new land. The larger the size of migrant population is, the greater the

volume of remittances flows back to places of origin. The amount of remittances streaming back into developing countries is higher than the official foreign aid even only the calculation on the remittance volume is based on the formal transfer. Nevertheless, it is complex to estimate the actual amount of remittances globally or regionally because informal channels of remittances are operated as invisible transmitter.

Myanmar migrants working in Thailand with or without legal status of course send remittances back to their households left behind. As migrants who work at the bottom level of Thai labor forces, their life is full of vulnerability and exploitation in many aspects. Therefore, their capacity to remit is influenced by various determinants including legal status, tenure of stay, working and living conditions, and access to channels of remittances. The majority of migrants might remit to their home town by using informal hundi services¹. As such, many players involve in a complex money transfer system as facilitator in a range of stages from collecting money from Thai side to transferring to the hands of the recipients in Myanmar.

Generally, heavy migrant sending areas inside Myanmar are relying on remittances than other sources of income. Remittance expenditure patterns of the recipients are basically determined by original economic status and the size of remittances they receive. It is a key question to explore what factors would influence the remittance sending behavior of the migrants, how remittance cost and reliability of the service affect their propensity to remit and in what way the remittances can contribute to the economic development and poverty alleviation of Myanmar recipient households.

¹ The spelling of the term 'hundi' is taken from a Bangladeshi informal remittances report done by Md Mizanur Rahman and Brenda S.A Yeoh in 2006. 'Hondi' is another spelling found in many reports on Myanmar informal money transfer.

1.2. Objectives of the Study

- 1) To study the remittance propensity and behavior among Myanmar migrant working in Thailand.
- 2) To obtain information about mechanisms and costs for sending remittances from Thailand to Myanmar
- 3) To study how the remittances are contributing to the poverty alleviation of households in the place of origin

1.3. Research Questions

- 1) Do Myanmar migrants have the ability to send remittances back to their households in the place of origin?
- 2) How do Myanmar migrants send remittances? Are their remittances safe enough to reach the hands of family?
- 3) Is migration, through remittances, contributing to economic development of households in the place of origin? In what way are the remittances contributing to poverty reduction and economic development?

1.4. Hypothesis

Migration has been an immediate solution for Burmese people who live under the stress of poverty. Remittances sent to Myanmar by migrants working in Thailand are increasingly important for the households left behind. Those households are heavily dependent on the remittances to spend for their household consumption and economic investment. However, the remittances are not always utilized in a productive way.

My hypothesis which takes on the Myanmar context is that the larger volume of the remittances are flowing into non-productive uses such as the household consumption for daily survival, debt repayment, and purchasing of durable goods rather than the productive uses for income generating investment.

1.5. Type of the Research

Qualitative approach is the core research method to explore the findings to the research questions. The field research was conducted with a focus on migrant communities in Bangkok, in Mea Sot and in their place of origin, Nyar Na Kone village in Mon State, Myanmar. Snowballing is the primary method of the research and the respondents were selected in accordance with associated criteria. In order to identify the impact of remittances on the households left behind, respondents were chosen on the basis of having their own households in Myanmar, plus of living in Thailand for one year and over as of the time of interview.

1.6. Selection the Research Sites and Respondents

Firstly, the research was started in Thai side. The information about the location of migrants who came from the case study area, Nyar Na Kone village in Mawlamyine was provided by some villagers from Myanmar side. In this stage of tracing the migrants coming out from this village in Thai side, my old acquaintance helped me figure out where I can find the villagers in a big group in Thailand. Generally, they gathered in the same work place or in the same location where they can contact easily to their friends and relatives. Most villagers were found in Bang Bon market area of Bangkhuntien district in Bangkok and in Mae Tao sub-district in Mae Sot district. After meeting with many villagers in these two places, I had to decide whom I choose as my cases. In accordance with the criteria, twelve cases who have stayed over one year in Thailand and send remittances to their households were selected in these two areas. In total, six female and six male migrants were selected based on gender balance in these two provinces.

Afterwards, I traveled to Myanmar in order to meet with the households of the migrants I have interviewed in Thailand as a part of tracing the remittance flow from its origin to termination in Myanmar side. Twelve recipient households in the

community in Mawlamyine were interviewed to examine the remittance impact at home.

To explore how different channels of remittances operated and who were the players in each service system, I investigated those most preferred services by the recipient community and Myanmar traders concerned who have a link with the broker business both in Thailand and Myanmar. In total, ten remittance service providers with the involvement in the hundi system were interviewed. Migrants who participated in this research were of great help in contacting the brokers in the remittance service system. Cases in both Thai and Myanmar side also helped me to get contact with the money transfer service providers they are dealing. Five key informants from the case study area in Mawlamyine were also interviewed in order to get the overview of migration flows to Thailand and the consequences in the community.

1.7. Methods of data collection for Primary Data

1.7.1. In-depth Interview

In-depth interview with the migrants and their household members were carried out to identify the remittance behaviors of Burmese migrant workers, the models of sending remittances, the spending patterns of remittances in the place of origin, and the contribution of remittances to the household economy. Migrants from the case study area were approached and interviewed up to their availability. Some of the factory workers in Bangkok have a day off only on Sunday. Many who work in knitting factories or as self-employed in Mae Sot have no holiday at all. Most interviews were done in the evening time after they finished their work. The interviews with migrants in Bangkok area took place every weekend from June 20 to July 10 to meet the availability of the migrants. Some interviews were set in knitting factories of Mae Tao sub-district at night time and I had to stay with the migrants because of their long working hour from 8.00 in the morning to 22.00 in the evening. During the course of an interview with workers from a knitting factory, I witnessed a

worker strike because the employer gave extremely unfair low wage. On that day, all the employees stopped working and demanded the response of the employer. I took the chance to go inside the factory during the strike and did some interviews. These interviews were the only ones I did in the day time inside the factory. For the rest of the interviews, I had to spend night time at their dormitory.

In-depth interviews were semi-structured and designed for the flexibility of conversations, yet in consistence with the objectives and questions of the research. In-depth interview questions were to explore how differently the migrant workers contribute to their households by means of remittances. Determinants taken into consideration included duration and frequency of remittances, illegal or legal status of migrants in Thailand, initial economic status of households, kinship, migrants' length of stay, and social networks around them.

For the remittance recipient households as the case study in Myanmar, the interview questions were focused on the household demographic factors, economic and social background, amount of income and remittances, type of money transfer service they used and satisfaction thereof, household expenses and in particular spending patterns of remittances.

Some interviews with the remittance service providers, telephone service providers, smugglers and traders were semi-structured. Some were informal interviews and follow-up questions were carried out mostly via telephone. They were questions about the types of service and charges, the obstacles they faced in doing business, process of remitting and manipulation of currency exchange.

1.7.2. Field Observation

Field observation in the residence and working place of migrant workers in Bangkok, Mea Sot and Mawlamyine were advantageous. I have learnt their life style, their daily struggle for making money, their problems in workplace and in Thai society at large, their future plans, their fears and concerns about arrest and

deportation, and the impact of their legal or illegal status and other factors contributing to the remittance behaviors. Visit to the recipient community in the place of origin lent me the opportunity to collect the information as to how they spend remittances and in what significant ways their livelihoods are different before and after receiving remittances. The reasons behind migration, the negative and positive impact of migration, the productivity of remittances, and the reliance on migrants and their remittances by the community were studied in the field visit in Mawlamyine.

1.7.3. Field Data Collecting and Analysis

I conducted the field research from the third week of June, 2007 to the last week of July, 2007. During the one-month data collection period, the data analysis was done along with the field research.

1.7.4 Secondary Data

Data on migrants and remittances were collected from reports and surveys conducted in other regions by the World Bank, ADB, NGOs and other institutions. Website and other literatures on remittances were used as secondary source for this research.

1.8. Scope of the Research

My research was to find out the role of migration as a development mechanism in the migrant sending community in terms of the remittances sent by Myanmar migrant workers living in Thailand. Even though the core of the study was to identify the contributions of remittances in the economic development of the households in place of origin, the earlier steps of earning and sending remittances were not neglected. In this research, tracing the role of the remittances in the household family was started by looking into the sender's capacity in sending the remittances. The research firstly identified who sent the remittances and how they sent them back home. The study also examined on the role of money transfer services

as to how they acted between senders and recipients. The findings of the research applied only to Bangkok and Mea Sot in Thailand and Nyar Na Kone village in Mawlamyine, Mon State². This research tried to get a portrait of migration as a development strategy through remittances in a Myanmar community. So, the scope of research did not cover nationwide study of remittances both in Thailand or Myanmar. And it did not identify the total estimated amount of the remittances received in the whole community. The study evaluated the contributions of remittances to households' economic development by measuring the difference between before and after the migration of a family member. And I tried to assess the way in which remittances are used at place of origin is really contributing to the recipients' economy. Neither did this research try to determine the sustainability of the remittance recipient family, nor to define what the barriers to long term sustainability are.

1.9. Limitation and Constraint

I faced some limitations and constraints in doing research. Above all, the fear against the suppression of Myanmar government among the migrants, the money transfer service providers and the migrant households in the place of origin was extremely obvious in the field research. Most of the migrants, money transfer service providers and brokers were very concerned that their personal information could leak out to the Myanmar government. Since they have heard of many migration cases seriously taken action by the government, i.e. in the guise of trafficking, they were suspicious to interact with any interviewers (either researchers or journalists), especially with regard to the sensitive matter on remittances. For the migrants and their households, they expressed concerns that Myanmar government will punish them for migrating illegally abroad, impose tax on them heavily or publicize their properties.

² The real name of the village was hidden under anonymity for the sake of participants in this research.

It was more difficult to interview the money transfer service providers and the brokers. They understand very well their position of being vulnerable to the punishment by Myanmar government for involving in the illegal business. They did not want to share confidential information about their business and suspected that those who become knowledgeable in their secret channels could turn to be their competitor entrepreneur in the future. Some avoided answering the questions. As a solution, I had to approach them in an indirect way. I chose the weekend close to the migrants' pay day and stayed with the remittance senders. In another word, I made sure who would send their remittance first, asked them a favor to stay on and waited for the brokers to come at the migrants' door. Brokers would be very busy during these pay days. They usually drop in migrants' house to collect money. I attempted to ask questions during this short period while they were doing their business. Follow-up questions were then asked via telephone. Most of them knew only a fraction on their role as a part of the long channel and could not detail the complete system. Only three of the broker respondents working as high level service providers could explain about the over all complex nature of remittance system and about the players in hierarchy from top to bottom of the system.

All the interviews were conducted in Burmese language and I translated relevant sections of the interviews into English. Some meaning and text might be left out if the translation did not fully convey the original meaning of Burmese. Finally, this research notes that Myanmar is a data poor country and the reports and literature on the selected case study region were limited.

1.10. Ethical Consideration

Every segment of the remittance channel from Thailand to Myanmar is running as illegal. Whether registered or not, the senders of the remittances are not staying with legal status recognized by both the sending and receiving country. Their remittances are also illegal passing through black channels and evade the income tax imposed by their own government. The remittance service providers, brokers and telephone service providers in both Thai and Myanmar sides are all involving in

actions against laws and regulations regarding illegal money transaction. They are all vulnerable to the punishment by the authorities concerned. In order to protect the respondents who participated in this research, I agreed to keep the confidentiality and anonymity for all of them. With ethical consideration, I also omitted the names of Thai work places where they were being employed.