Myanmar Migrants to Thailand: Implications of Financial Remittances and Social Remittances in Mobility

Saw Aung Aung Myat

1Affiliation not available

March 12, 2020

Abstract
This article examines the development impact of informal remittances sent by Myanmar migrant workers from Thailand to Myanmar, and focus on its implications on knowledge, value, practices within the mobility framework.

Introduction
Cross-border migration between Myanmar and Thailand is nothing new, ethnic groups who lives along the Thai-Myanmar border have been travelling across the borders for decades for employment opportunities or social purposes (Chantavanich 2012). Starting from 1992, the government of Thailand officially recognized the arrival of Burmese labour migrants into Thailand, leading to a large influx of migrants from Myanmar into low-skilled employment sectors in the following decades (Chantavanich 2012).

The remittances of low-skilled Burmese workers in Thailand contributed in numerous ways to the well-being and poverty reduction of their households of origin in Myanmar. In addition to the financial capital remittances, other social remittances such as knowledge, value, practices, and skills also have a significant implication on the sending communities. Remittances, on the other hands, also found to have negative impacts. While remittance found to have impacts at various levels of development, this essay is to explore the effects of the remittance by Burmese migrant workers on the socio-economic lives of the left-behind households in Myanmar.

Theoretical Background: Understanding Remittances and Impacts
It is undeniable that migration is increasingly recognized as an inevitable and vital element of the social life and economy of all country. Griffiths and Ito (2016, p12) state that migration is the "world’s oldest poverty reduction strategy; an indispensable engine for human development; a driver of economic growth; and a source of dynamic and innovative cultures."

It is argued that the decision of migration is not made by the migrant as an isolated individual, but it is a collective action by a larger unit of related people such as members of families to minimize risks that can be faced by the household, and to maximize expected family income and employment opportunities (Lucas and Stark 1985). In the lack of a well-functioning market, particularly in poor countries, households try to reduce risks towards their economic security by diversifying the allocation of household resources, including households labor (ibid). As migration for work is co-insurance strategy, in a situation that economic conditions at the local deteriorate the families can depend on migrant remittances for supports. In this regard, remittances sent to the family in the place of origin is an inherent social contractual arrangement between the migrants and the left-behind households (Osaki 2003). At households’ level, remittances are used to support the dependent family members, to pay off debts, to make investments, and to spend on other
various purposes (Osaki 2003). Remittance also contributes to migrant’s household income by allowing the left-behind family members to buy more properties and assets, enabling them to invest in the businesses, and facilitating to buy more goods (Pokevic 2017). At the country level, the remittance contributes to improving economic development and reducing of poverty measure (Pekovic 2017).

Traditionally, remittance can be understood as financial transfers made from earnings by individual migrants to their home country (Samuel 2000). However, studies have argued the term ‘remittance’ is not limited only to financial transfer, remittances can be seen in other non-monetary forms. Remittances can be any consignment; such as in the forms of social remittances, technological remittances or political remittances. Levitt (1998) argues social remittances are the identities, ideas, practices and social capitals which are transferred through migration circuits mainly from host countries to migrant-sending countries. Technical or technological remittances are technology and skills remitted back by returning migrants (Nichols 2002), whereas political remittances are the political identities, demands, and practices associated with migration (Goldring 2004). Thus, when a person migrates to a new place to seek employment opportunity, they not only transfer financial capital to their place of origin, but they also remit value, practices, and skills they acquired from the destination country.

The impact of remittances is primarily studied and understood based upon how the money is spent by the recipient family members. While remittances have a significant effect on the left-behind families, academics have argued that the utilization of remittances at the household level can be divided into ‘productive’ remittance and ‘unproductive’ remittance. In the literature on remittances, two opposing ideas- ‘development’ and ‘dependency’ have been dominating much of the debates on the effect of remittances in the last few decades (Akesson 2007). In the optimistic view, remittances have positive and benefiting effects on the left-behind families in both the short run and long run, leading to poverty reduction, development, and economic growth. In contrast, dependency theory argues that migration worsens social conflict and inequalities, prolongs dependency on migration and remittance, and leads to ‘unproductive’ consumption (Akesson 2007). However, researched have criticized the theories on ‘productive’ use and ‘unproductive’ use of remittances that despite the expenditures on ‘consumption’ items such as education, accommodation, and health care are usually found to be ‘unproductive,’ they are in fact sound investments in a better future of the family (Cohen 2004, as cited in Akesson 2007). Gaur Seema (2003) also pointed out that drawing a distinction between the ‘unproductive’ and ‘productive’ remittance utilization is quite hazy and there is a need to take into consideration the possible future positive implications of so-called unproductive consumption such as spending on basic household needs, building houses and purchasing durable goods.

Cross-border Migration to Thailand and Remittances

Myanmar’s migration flows are complex and dynamic, ranging from short-term, seasonal internal migration to more long-term migration to cities, and transnational migration to its neighbouring countries such as China, and Thailand (Griffiths and Ito 2016).

Estimated three million Burmese people, both documented and undocumented, are believed to be working in Thailand with 39% of them being female (Akee and Kapur 2017, & Griffiths and Ito 2016). Majority of these migrant workers are employed in labor intensive industries such as agriculture, construction, trading, and service sectors (Chantavanich and Vungsiriphisal 2012). According to the International Organization of Migration (IOM), Burmese migrant workers in Thailand constitutes about 69% of the total number of low-skilled migrant workers in Thailand (IOM 2019). The vast majority of these migrant workers come from conflict affected areas of Myanmar such as Kayin, Shan, Kayah, Mon, and Tanintharyi states/regions that are bordering Thailand (Nawarat 2012). Income disparities, employment opportunities, personal experience and exposure, armed conflict/security reasons, and better living conditions in Thailand are reported to be reasons for migrating (Griffiths and Ito 2016).

While remittances play a major role for the well-being of left-behind family and economy of Myanmar, the current flow of remittances to Myanmar from Thailand is difficult to estimate for a large proportion of the flows transfer the funds via informal channels. According to World Bank (2016), a large percentage of
the remittance are reportedly sent to Eastern Myanmar through various informal channels from Thailand where about 70% of Myanmar’s migrants are working. According to the official record, remittances from Thailand stood at 1.7 billion dollars in 2015 remitted through Myanmar government banks (Akee and Kapur 2017). Kubo (2015) surveyed that the average annual amount of remitted per migrant worker is $1492 US. Given that about three million Burmese migrant workers employed in Thailand, a robust estimate for total remittances from Thailand alone is 4.7 billion dollars; combining both formal and informal fund transfers (Akee and Kapur 2017). Nonetheless, along with political change and financial sectoral reform in Myanmar in the last few years, it was found that the migrants increasingly use the formal transfer methods (Akee and Kapur 2017).

**Financial Remittances and Impacts at Household Level**

While there are extensive researches on Myanmar labor migration to Thailand, little has been studied in terms of the impacts the remittance spent by households. Financial contributions made by migrant workers to left-behind families in Myanmar in the form of remittances is immense, especially for Eastern Myanmar (Akee and Kapur 2017). As eastern Myanmar has been affected by armed conflicts over 70 years, prone to flood, landslide, and other natural disasters and low employment opportunities in non-agriculture sectors, weak labor market in Myanmar has led to cross-border migration of at least one person in every five households to seek jobs in neighboring Thailand and to ensure basic needs of the households are met.

The remittances found be having both positive and negative impacts in the context of Eastern Myanmar. While the recipients used remittances for various purposes, studies found a large majority of the remittances are non-productive remittances (CARAM-Asia 2010, and Griffiths & Ito 2016) and they are used mostly for survival at the household level. This reflects the high intensity of poverty inside Myanmar and excessive reliance on migrants’ remittances to sustain the basic survival. Turnell et al. (2008) found that the remittances Migrant workers sent are used overwhelmingly to assist their families in their home country in basic survival, constituting about 80% of total remittances. CARAM-Asia (2010) also reported that remittance uses in Myanmar demonstrates that most of the money received is spent on daily living expenses, while little is left to be spent on other household needs such as education, health care and housing.

Similarly, another research by Khine (2007) also shows that a large percentage of remittances is flowing into the unproductive spending such as purchasing food, paying off debts, donations, gambling, buying durable goods, rebuilding houses and other uses in Eastern Myanmar. Interestingly, a significant amount of remittances is also used for coerced payments to Government’s security officers including military and police, and for informal tax or contribution to rebel armed groups or non-state ethnic organizations to sustain the revolution, demonstrating the state of insecurity and violation that families in the places of origin continue to live with (Phoebe 2007, & CARAM-Asia 2010). Only a small portion (about 20%) of the remittances of the household is used in productive aspects such as fees to migrate for other household members, investing in agriculture (e.g., buying land and livestock animals), and saving which can generate more earnings in the long-run (Khine 2007). Thus, the volume of remittances used for ‘productive’ investment remains limited in the context of rural eastern Myanmar. As a large percentage of remittances flows into unproductive use and hence does not necessarily lead to income generation or job creativity at the local labor market (ibid).

On a contrary side, it has to be reminded that capacity to make a productive investment is mostly 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 (Khine 2007). The majority of families in Myanmar are not able to use the remittance money for income generating activities or investments, either because there was insufficient money left over after spending on daily needs, or due to other factors such as a lack of favourable environment for investment caused by poor infrastructure or high intensity of poverty within sending communities (CARAM-Asia 2010). Hence, despite cross-border migration of three million workers and a large sum of remittance sending over the last three decades, no significant industry, income generation or economic improvements are found within the villages and home communities in Eastern states/regions of Myanmar (CARAM-Asia 2010).
Despite the fact that the utilization of remittances remains unproductive, Phoebe (2007) found that remittance has substantial effects on the poverty and well-being of those left behind and their access to social services. In Eastern Myanmar, remittances can be treated as an additional income source for the household and co-insurance strategy. At an individual and household levels, remittance directly improves the poverty of the recipients; forming a relatively stable source of income independent of the local economy of recipient families (Turnell et al. 2008). Remittances also offer a financial boost to the left-behind families by enabling to invest in the development of their children, such as in Education (Phoebe 2007). Utilization of remittance in these notions are found to be having positive implication on addressing poverty issue in society (Khine 2007). Besides, the eastern state/regions of Myanmar are vulnerable to natural disasters with monsoon floods and landslides destroying hundreds of thousands of paddy fields and orchards annually. In this context, the left-behind families rely largely on remittances from Thailand to meet their daily needs and to sustain during the crisis when their local livelihoods are affected by natural disasters, hence reducing the chance of falling into poverty (IMF 2018). Although the remittances are primarily unproductive, it can be argued that cross-border migration diminished the poverty severity of the families and communities left behind to a certain level.

Social Remittances and Implications

Remittance sent across the border is not all ‘money,’ Burmese migrant workers from Thailand also transfer ‘social remittances’ to their home communities. Social remittances can be defined as ‘non-material resources’ or ‘non-financial transfers’ which are a result of migration; these remittances comprises of values, norms, practices, and social and cultural capitals (Levitt 1998). In the context of Burmese transnational migration to Thailand, among others, the apparent social remittances are the perception toward education, work-related skill, and ‘Thai-nization’.

Success migration stories and remittances from Thailand has changed the perception of youths and children among migrant-sending communities. According to Phoebe (2007), it was found that families in Myanmar relied solely on the migrants’ remittances from Thailand even though they owned farmlands. Farming is viewed as antiquated, badly-paid, and an inappropriate way to improve family status, and thus, young people increasingly see labor migration as a norm to earn income (ibid). Labour Migration also affects the children of the migrant-sending communities in the sense that they are less interested in attaining higher education and thought of migrating like their parents and other community members (Phoebe 2007, and Kyi 2018). Despite migration can and does lead to a loss of ‘capital’ in terms of working-aged adults and negative implication on young people’s attitudes toward education and employment, social remittances in the forms of skill and language also found to be having positive impacts.

At present, the Thai labor market attracts mostly low-skilled labors from Myanmar, and hence ‘brain-drain’ is not that of concern. Through the experience of working abroad, these migrant workers acquire technical and social skills which they remit to their families and communities of origin or carry with them when they return. Despite migrant workers are endorsed to employ in non-skilled, labour-intensive industries by the government of Thailand, some workers from Myanmar have managed to enter into a wide array of semi-skilled industries such as in manufacturing (garments, plastics, paper), in services and sales, in trade and in transport (Chatavanich, 2012). Although most of them originally came from a farming background, the Burmese migrants have acquired some new skills while they are working in Thailand (ibid). The labour survey conducted in Tak, Samut Sakorn, and Bangkok provinces of Thailand showed that 77% of interview respondents confirmed they had acquired new skills in various sectors (i.e., manufacturing, agriculture, fishery-related work, service, and hospitality, including Thai language skills) (ibid). When the migrants travel home or communicate with their families in the home countries, they often transfer the values, behaviors, and skills observed in the host country. As a result of huge migration to Thailand, the Eastern part of Myanmar has gradually been ‘Thai-nized’ in their ways of living. For instance, in the Eastern Myanmar states/provinces, a significant number the migrant families build houses inspired by Thai architecture, and open Thai restaurants in their hometowns targeting Thai tourists and returnees. The Thai language is also increasingly learned and spoken by youngsters in the migrant-sending communities viewing it as an essential
skill to prepare for better jobs and higher incomes in Thailand.

**Conclusion**

Trans-border labor migration to Thailand from Myanmar is not a new phenomenon due to longstanding social and economic ties between these two countries. This essay looks at the effects of remittances in Eastern Myanmar, which is home to the majority of Burmese migrant workers in Thailand. While migration reasons could be explained from different social, political and economic perspectives, at the core, labor migration to Thailand is to overcome the poverty, an addition source of income, and an insurance or emergency supply in case of economic crisis for most of the migrants. In the theories of migration, remittance can be understood in two different dimensions; ‘monetary remittance’ and ‘non-monetary remittance’. Although remittance plays a significant role in the lives of left-behind family and accounting about 5% of national GDP, the estimating the volume of remittance from Thailand is difficult due to the fact that funds are transferred via informal channels.

Drawing upon existing research studies on remittances from Thailand, this essay finds out that the utilization of remittance is largely ‘unproductive’ as the remittances are employed overwhelmingly in the purpose of simple survival, leaving little fund for investment and other productive purposes in order to maximize their development impact. Nonetheless, it reveals that remittances play a significant role in the rural economy of the migrant-sending communities through directly alleviating poverty and promoting the living standards of individual and household to whom they are sent. As negative impacts, sending families depend solely on the remittance, agriculture is increasing neglected, and transnational migration is viewed as a norm or the only path to seek employment opportunities among the youths and children in migrant communities; leading to the weakening the potential of the local economy. Despite the loss of working-aged adults to migration and changing attitudes toward education, the effect of social remittances appears favorable which will likely to have profound impacts in the long-run; as Thai investment in Myanmar is forecasted to increase in the following years.

**References:**


World bank, 2016, "Migration and Remittances Data: Annual Remittances Data, Outflows.”