

# Policy Intervention for Addressing Low Wages in Myanmar: Insights from Case Studies of Workers in Low-Wage Jobs

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## Introduction

Myanmar has witnessed significant transformations in recent years, from political reforms to growing economic prospects. But, despite all of these improvements, Myanmar, unlike its neighboring economies, is still struggling with low wages that threaten the livelihoods of significant segments of its population. Low wages represent a deep-rooted problem in Myanmar's economic structure, resonating throughout the country's social and economic conditions. Insufficient earnings continue poverty, hinder societal progress, and limit individual growth. This highlights the need for policy solutions that align with the economic policy aimed at inclusive and continuous development.

Demanding an increase in the minimum wage is a common response, it is also essential to explore alternative policy interventions that might address the issue in addition to this approach. Similar to other countries, the researcher believes that Myanmar might solve low wages through effective legislative measures that don't primarily rely on raising the minimum wage. By concentrating on these more comprehensive viewpoints, the study aims to find an optimal pathway to improve workers' living conditions in low-wage jobs and support Myanmar's ongoing socioeconomic growth.

## Background

On May 14th, 2018, the National Committee on Minimum Wage issued Notification No. 2/2018, raising the minimum wage for all workers in

Myanmar to 4,800 MMK per day for an eight-hour workday regardless of location or type of business. This amount represents an increase from the previous 3,600 kyats in 2015 (Myanmar T. G., 2018). Currently, this is equivalent to 2.29 USD, as per the reference rate of the Central Bank of Myanmar (Myanmar C. B., 2023). However, in fact, it is nearly 1.5 USD based on the market rate in June 2023 (Nikkei, 2023).

At the moment, the current minimum wage provides too little income for many workers to survive. This is mostly due to insufficient pay levels brought on by the absence of a minimum wage rate revision that is to be revised at least once every two years in line with changing economic conditions. This could be the failure of the National League for Democracy's (NLD) government to revise the minimum wage rate in 2020 due to the nationwide spread of COVID-19. Currently, workers in low-wage jobs are facing soaring prices, particularly in light of the country's protracted economic crisis following the military coup in February 2021. Consequently, it is a worse situation than living on 4,800 MMK before, and it was a struggle for workers in low-wage jobs to cover their basic expenses and obtain necessary goods and services as a result of this circumstance (Frontier, 2022). According to the Myanmar Economic Monitor published by the World Bank, the consumer price index (inflation) rose to 28.6 percent in June 2023 from 6 percent (year average) in 2021. This represents a decrease from the peak of 35 percent recorded in December 2022. The report also indicates that price instability is expected to continue, leading to future increases in prices (Edwards, Mansaray, Myint, Hayati, & Maw, 2023). Additionally, it demonstrated how those who were previously close to the poverty line are now falling below that line (ADB, 2023).

In response, the State Administrative Council (SAC) convened and engaged in discussions with the employers. The National Committee on Minimum Wage under the SAC made its first wage reform in October 2023, adding 1,000 MMK to the existing minimum wages as a daily allowance (Nikkei, 2023). Workers now earn a total of 5,800 MMK for a working day (approximately 2.76 USD as per the Central Bank of Myanmar's reference rate).



Despite the SAC's adjustment to add the daily allowance for workers, there haven't been significant benefits for those in low-wage jobs. While the 20% increase in the daily allowance, equivalent to 1,000 MMK, marked a notable change, the baseline minimum wage of 4,800 MMK remains unchanged (Myanmar T. G., 2023). This means that overtime pay and other related compensations are still calculated based on this lower figure rather than the adjusted higher daily allowance.

The 5,800 MMK daily earnings, while an improvement from the previous rate, may not adequately address the rising costs of living as the entire remuneration for workers remains tied to the unchanged previous minimum wage. This situation has continued to burden workers, especially those reliant on low-wage jobs, with financial strain. It still highlights workers' continuous struggle to cope with economic challenges. As a result, workers in low-wage jobs are required to survive on their own by increasing their overtime work, doing retail business, cutting back the spending on basic needs, and working abroad. The socioeconomic conditions of workers in low-wage jobs now have been severely destroyed more than ever before.

## Methodology

The scope of the issue is extensive, encompassing a comprehensive approach that smoothly links primary and secondary data sources. It began with in-depth interviews with five different stakeholders, systematically selected to elicit diverse perspectives and illustrate the current landscape of the issue. Simultaneously, a thorough review of comparable experiences in other countries was undertaken, supplementing the pool of information to furnish potential solutions for improvement.

## Findings and Recommendations

At this moment, workers in low-wage jobs urgently need a rise in the minimum wage as well as an extra benefit allowance to ease the burden of all-time high living expenses. They do not have access to a wide range of supplementary benefits, apart from an increased minimum wage, overtime pay, ferry services, and attendance bonuses. The specific benefits can vary widely depending on the economic sector, level of skill, and region within Myanmar. Nonetheless, potential benefit allowances that a

collaborative effort between the government and employers might provide are professional fees, performance incentives, service bonuses, compassionate allowance, paid sick leave, living allowance, meal provisions, education and training support, healthcare coverage, childcare support, and utility aid.

The government might take efforts to help reduce the burden of living expenses on workers, particularly those who are in low-wage jobs. It is crucial that creating the initiatives and program support be not just accessed to the needs of workers in low-wage jobs, but that the government does as well. The following are initiatives and measures that could be undertaken:

- **Social Security Enhancement:** Strengthening and effectiveness of social welfare programs to provide social support such as subsidized healthcare and housing assistance, to ease the financial burden on workers in low-wage jobs.
- **Skill Training and Education:** Providing skill training and educational programs to empower workers in low-wage jobs to access better-paying opportunities.
- **Job Creation and Income Generation:** Incentivizing industries to expand, fostering entrepreneurship, and supporting the growth of small businesses.
- **Labor Rights Protection:** Strengthening and effectively implementing labor rights protection including enforcing labor laws, preventing exploitation, and ensuring adequate benefits for workers.

If productivity increases for employers, additional benefit allowances may be offered to workers, aligning with the generated profits. Providing in-kind support for these allowances from the employer alone might pose challenges, yet collaboration with the support of government initiatives or programs could facilitate this. Through a monitoring mechanism, the government should oversee employers who have implemented and provided such support to ensure the well-being of their workers.



## Conclusions

It's important to note that Myanmar is now in a revolutionary period marked by significant social and political upheaval. At the same time, the country is on the verge of an economic crisis, with huge problems ahead.

When it comes to the stage of rehabilitation, the future government plays a crucial role in addressing the financial burden on workers in low-wage jobs. This can be achieved through improved welfare programs, skill training, and education, which equip individuals with the tools to access higher-paying opportunities. Encouraging job creation, supporting small business growth, and incentivizing industries also contribute to income generation. Reinforcing labor rights protections and ensuring fair benefits is essential to safeguard against exploitation and create a good working environment. These proposed strategies can elevate the economic well-being of workers in low-wage jobs and hope to foster a more sustainable economy.

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