Rural Transformation in the Dry Zone: How Much and for Whom?

Ben Belton (MSU)
Mateusz Filipski (IFPRI)

Food Security Policy Project

October 29, Summit Park View Hotel, Yangon
What is rural transformation?

• Widely used term, different meanings
• For economists, rural half of structural transformation
  – seen as the foundation of economic development
• For social sciences, associated with more varied outcomes, often differentiated with respect to resource ownership, gender, age
• Conventional view of Myanmar’s rural economy is lack of transformation
• FSP surveys provide evidence of rapid change – particularly migration and agricultural mechanization
• Questions raised about who benefits from these processes
Research questions & data

1. What is the extent of rural transformation in Myanmar’s Central Dry Zone?
2. How has transformation affected the welfare of rural households?
   • Particular focus on interaction of migration and agricultural mechanization
   • Analysis differentiated by landownership
   • Data from Rural Economy and Agriculture Dry Zone Survey (READZ) 2017; 1600 HH, 4 townships
By how much?
1. Rural livelihoods have diversified to include a large non-farm income component

<table>
<thead>
<tr>
<th>Income source</th>
<th>Landless</th>
<th>Tercile 1</th>
<th>Tercile 2</th>
<th>Tercile 3</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own farm</td>
<td>0</td>
<td>25</td>
<td>37</td>
<td>64</td>
<td>28</td>
</tr>
<tr>
<td>Agricultural labor</td>
<td>32</td>
<td>24</td>
<td>12</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>Non-farm income</td>
<td>69</td>
<td>50</td>
<td>50</td>
<td>33</td>
<td>52</td>
</tr>
</tbody>
</table>

Share of household income, by source and landownership status, 2017 (% of total)
2. Accelerating migration, rising wages

Cumulative share of all long-term migrants by year first migrated, 1995-2016 (%)

Real daily wages for male casual labor 2012-2016 (MMK/day)
3. Rapid mechanization

Share of farmers using machinery, by machine type and year, 2007-2016 (%)

- 2-Wheel Tractor: +216%
- 4-Wheel Tractor: +1839%
- Thresher: +170%
- Combine Harvester: +1801%
4. Farm population aging (somewhat)

- Average age of farmers in sample is 40 (55 in Thailand)
- Still more farmers aged 16-30 than migrants

Participation in migration, agricultural labor and farming, by age group (%)
For whom?
Remittance incomes & rising wages more than compensated for reduced demand for farm labor

- Demand for agricultural labor fell by 8.2%
- Real wages increased 40% from 2012-2016
Conclusions

• Dry Zone is experiencing rapid rural transformation (e.g. migration, deagrarianization)

• Transformation later than in most other Asian countries, and less profound (e.g. demographic transition)

• Remittance incomes more than compensate for reduced income earning opportunities associated with mechanization

• Rising rural wages have improved the position of households dependent on off-farm labor, relative to those dependent on farming

• Migration and other non-farm employment will play an increasingly important role in underwriting the future of agriculture

• Further mechanization may be required to help farms remain viable