

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

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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?

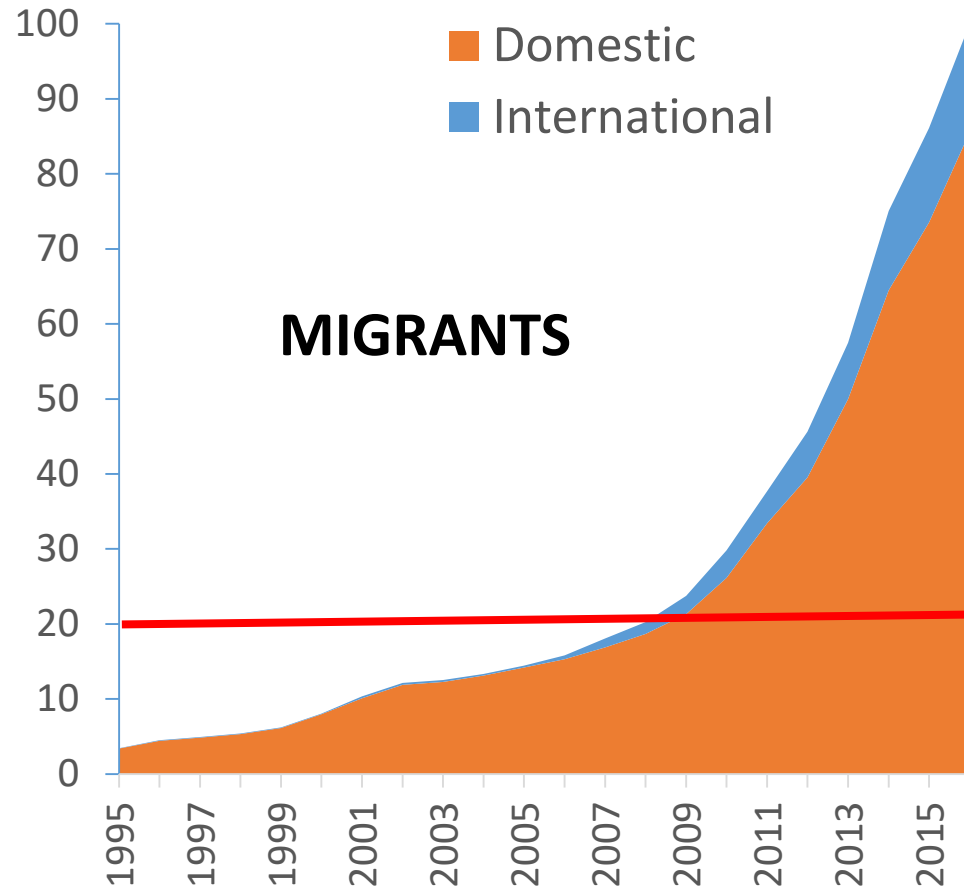


1. Rural livelihoods have diversified to include a large non-farm income component

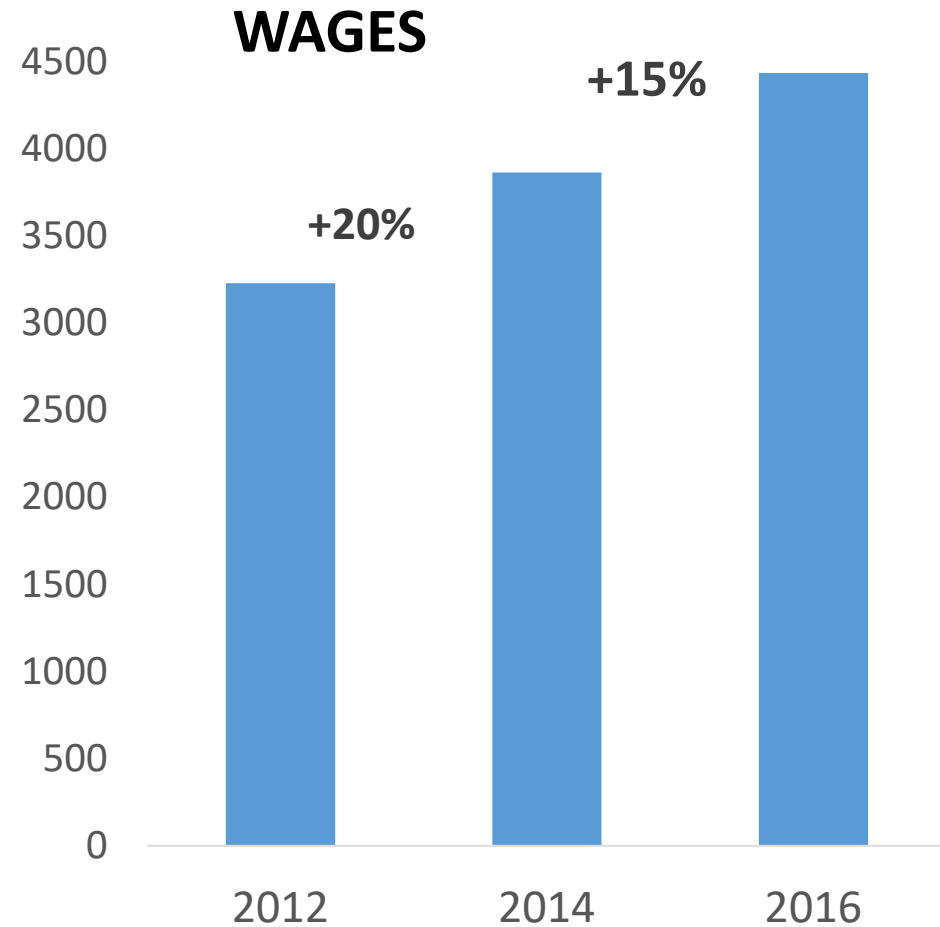
Income source	Landless	Tercile 1	Tercile 2	Tercile 3	All
Own farm	0	25	37	64	28
Agricultural labor	32	24	12	2	19
Non-farm income	69	50	50	33	52

Share of household income, by source and landownership status, 2017 (% of total)

2. Accelerating migration, rising wages

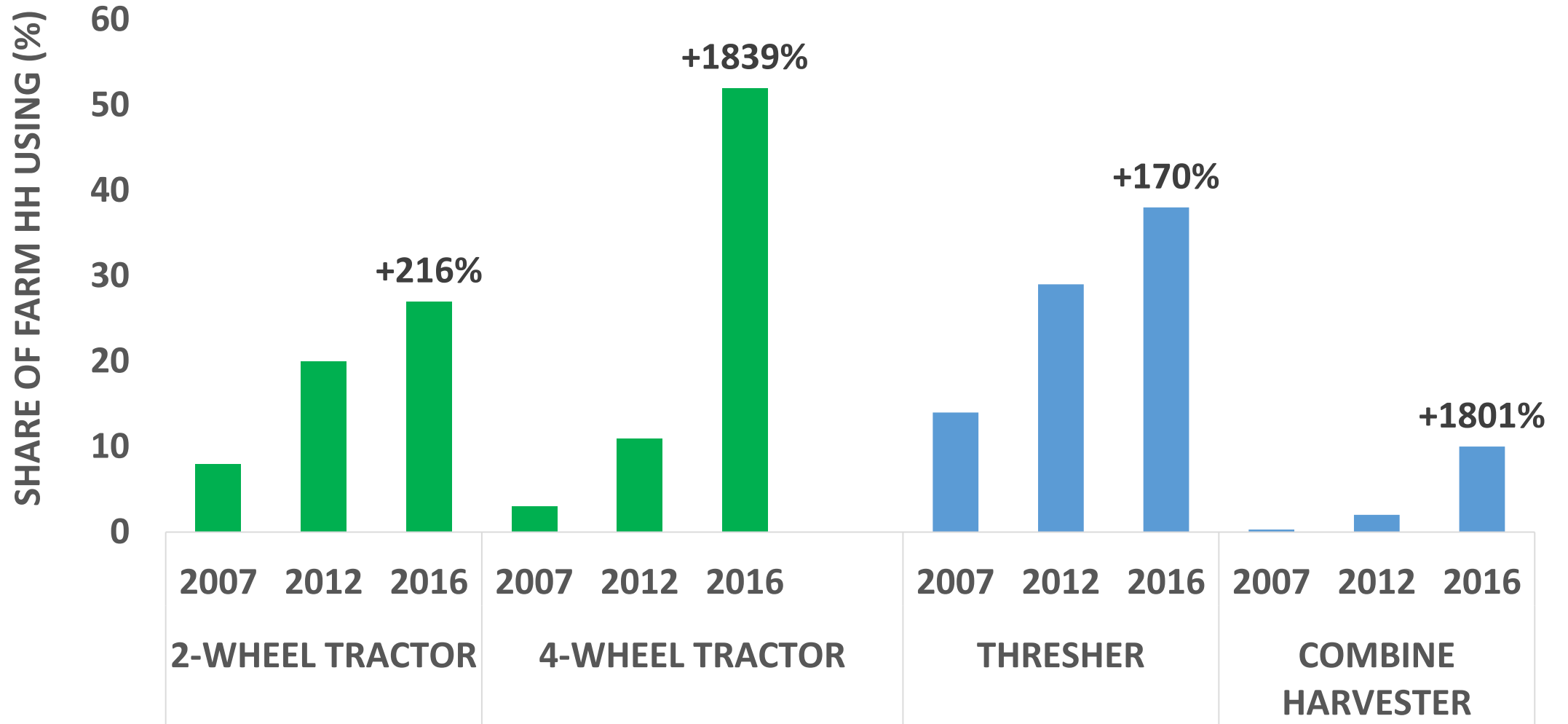


Cumulative share of all long-term migrants by year first migrated, 1995-2016 (%)



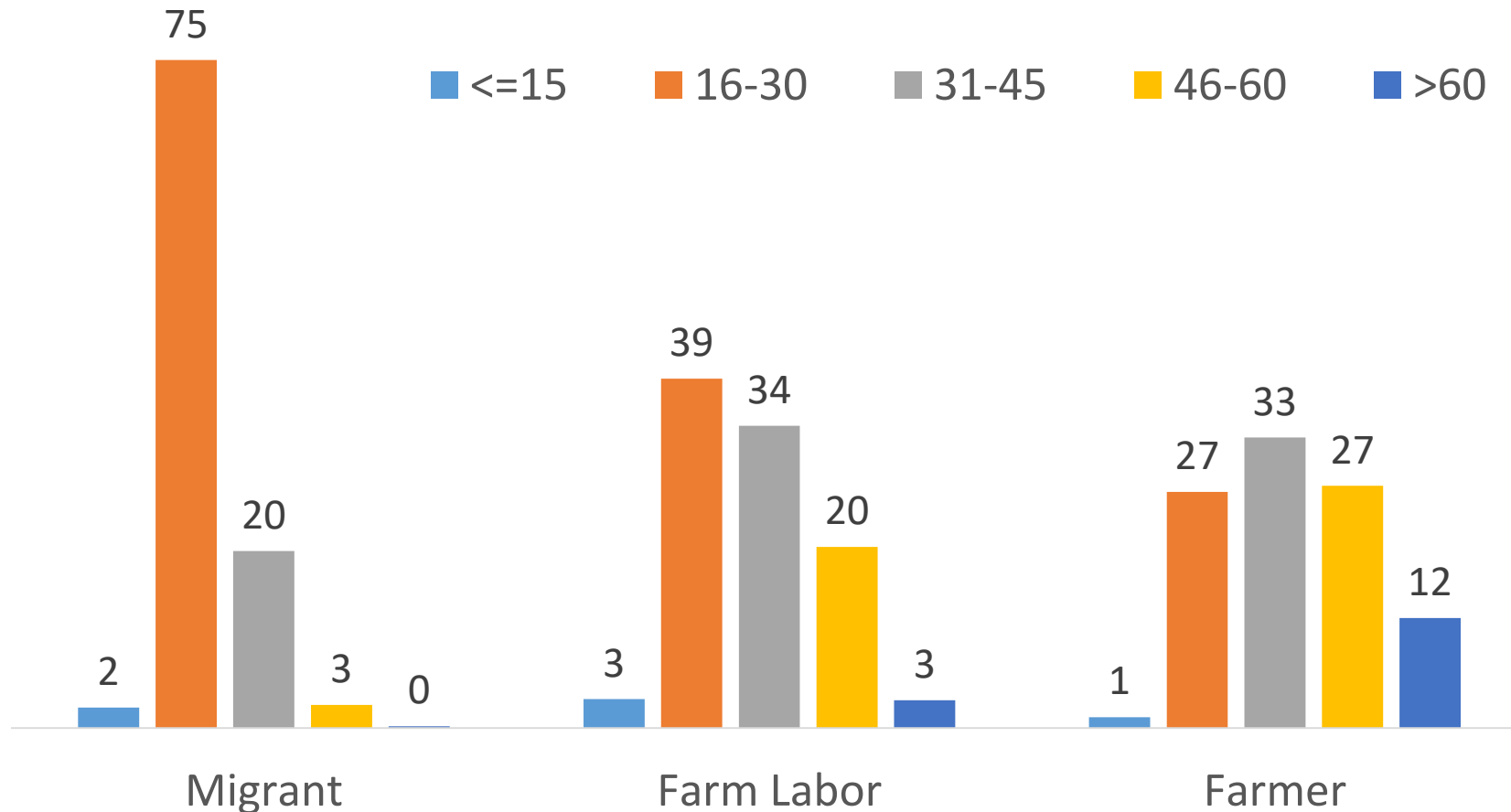
Real daily wages for male casual labor 2012-2016 (MMK/day)

3. Rapid mechanization



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

4. Farm population aging (somewhat)



- Average age of farmers in sample is 40 (55 in Thailand)

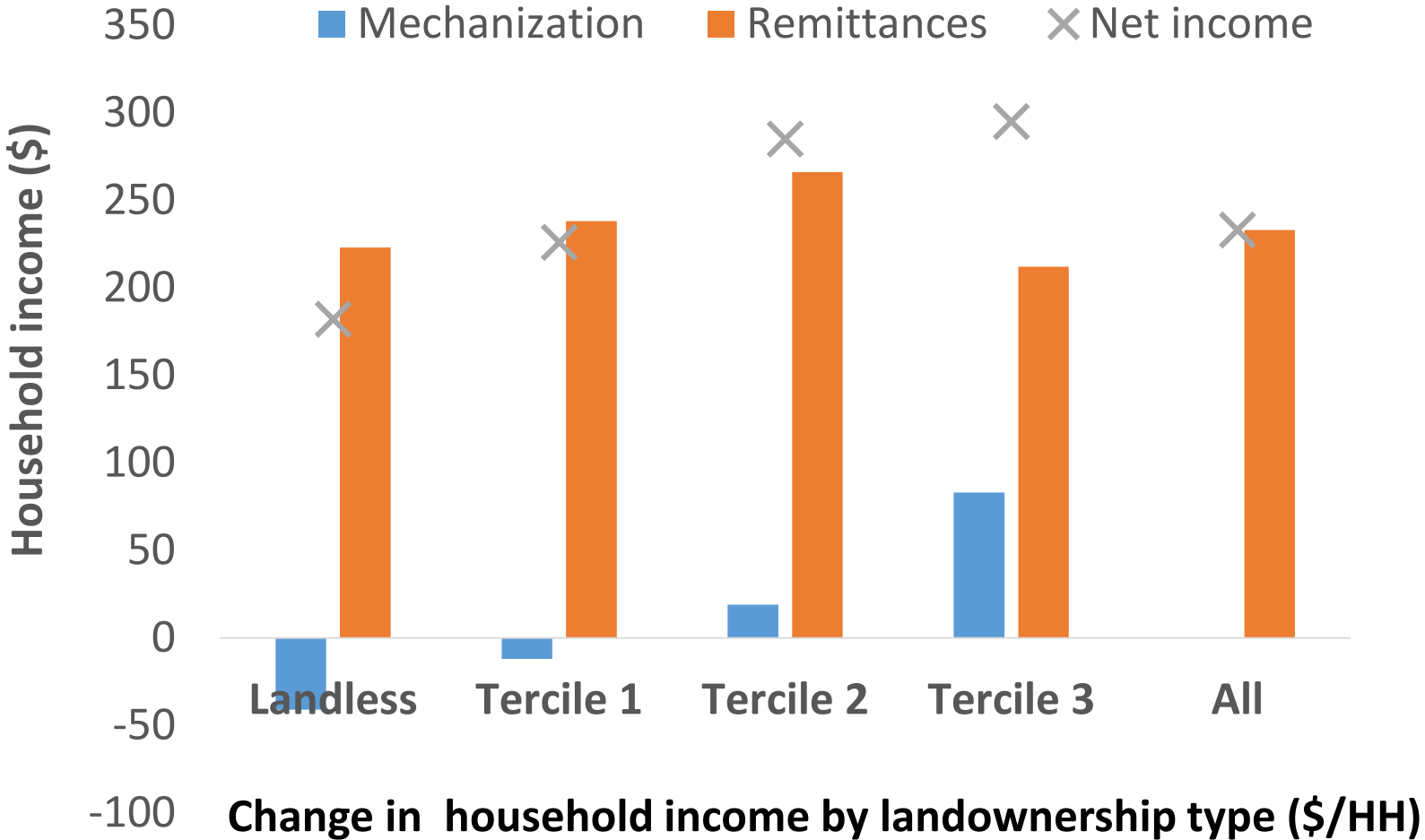
- Still more farmers aged 16-30 than migrants

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