

Difficulties of Fixing the Minimum Wage and its Impact on Inflation in Myanmar

THUREIN LWIN

Firstly, the paper shows political transaction period and minimum wage; the way of calculating the minimum wage in Myanmar together with a comparison with that of ASEAN and selected countries. Secondly, present some difficulties to set up minimum wage and barriers of policy effects to protect all level of employees with minimum wage. Thirdly, it will background theory. Fourthly, it will explain about the advantages and disadvantages of regular adjustment of minimum wage and inflation.

I. INTRODUCTION

During the term of U Thein Sein government, they made a decision on calculating the minimum wage in only two months before the election to be held in November. In this case, minimum wage was supposed to be concerned with political pressure and this concept seemed to arise from the strike of labors from the textile industry. Their aim was to reveal that they were too poorly paid to make a living.

In fact, the reasonable amount of money designated as the minimum wage for an average laborer can not only alleviate the poverty but also prevent the inequality among the laborers of the same skills.

1.1 How to calculate the minimum wage in Myanmar?

In 2013, November and December ILO and CESD¹ started working to calculate the living cost survey. According to the results of this first living cost survey, the average monthly living cost for a 4-6 members household was 203,465 Kyats in Yangon region, 166, 849 Kyats in Bago region, and 242,768 Kyats in Mandalay region.

Table-1. Average living cost per person in Myanmar

No.	State / Region	Average rate of proposal by state and regions (Kyats)	Living Cost by regions and states (Kyats)
1.	Kachin	4000	2500
2.	Kayah	3500	2600
3.	Kayin	3500	2200
4.	Chin	4000	3000
5.	Sagaing	3000	2600
6.	Tanintharyi	4000	3000
7.	Bago	4000	3000
8.	Magway	3500	2500
9.	Mandalay	4000	3500
10.	Mon	4000	2200
11.	Rakhine	4000	2800
12.	Yangon	5000	3500
13.	Shan	5000	3000
14.	Ayeyarwaddy	3000	2500
15.	Nay Pyi Taw	3500	2600

Source: Ministry of Labor, Employment, and Social Security in 2015.

In 2015, the Ministry of Labor, Employment, and Social Security conducted its own living cost survey for a total of 22,032 households from 108 different townships, and calculated an average living cost per person. The main ideas of the decision of minimum wage come from the negotiation between employee and employer groups. Then the government made a final decision that the specific amount of money to be determined as the daily minimum wage was 3600Kyats. In this way, the process of calculating and designating of the daily minimum wage per person was successfully done on the 1st of September, 2015.

-
- 1- The Centre for Economic and Social Development (CESD) is an independent and non-political think tank supporting evidence-based policy making that mobilises development resources, both domestic and international, to bring Myanmar to her rightful place in the region and the world

II. Difficulties in setting the minimum wage and barriers of policy effects to protect the employees from all levels by means of this

There are many difficulties relating to the implementation of the concept of the daily minimum wage. The first difficulty is how to define the minimum wage. There is no generally accepted definition of the minimum wage. The necessary factors to be taken into account are the minimum wage that can enable a worker and his family to meet their social security needs, the efficient wage for a worker and his family to ensure a decent standard of living and to overcome the poverty issue measured by the poverty line formulated by the World Bank.

The ILO definition is: The Committee considered that the minimum wage may be understood to mean “the minimum sum payable to a worker for work performed or services rendered, within a given period, whether calculated on the basis of time or output, which may not be reduced either by individual or collective agreement, which is guaranteed by law and which may be fixed in such a way as to cover the minimum needs of the worker and his or her family, in the light of national economic and social conditions”. (ILO, 2014)

In fixing the minimum wage, it is necessary to balance the cost and benefits of the two parties i.e of the employers and the employees from the legal point of view. Unlike the calculations of an employee’s living cost, the calculation of an employer’s (a company) cost and benefit is really difficult. It is generally true that neither a report nor a record is made to indicate the exact amount of profit that a business owners or a company makes every year or every quarter. In other words, there is no evidence to clearly declare the economic status of a company due to no transparency in every aspect of life, the bad legacy of the past regime. Therefore, business owners (companies) should prepare their financial reports annually to submit to the authorities concerned so that transparency can be ensured. The government should manage on companies for transparency in their financial reports and can properly levy taxes on the capital gains of business firms.

It seems impossible to enact a law of fixing the minimum wage to be followed by all citizens in a country. However, this concept should be adopted as a useful measure to prevent the majority of laborers from being exploited by the employers. Despite this, in the cases of house keeper, domestic maids, temporary laborers of the seasonal workers, migrant workers and small entrepreneurs, the law stipulating the minimum wage is unlikely to protect them effectively. The minimum wage law is supposed to have a positive impact on the general public of Myanmar, one of the least developed countries in the World, because it can facilitate poverty reduction. Thus, the laborers will be able to enjoy a better life through the passing of this wage.

On the other hand, the minimum wage bill is likely to give a considerable benefit for the welfare of laborers and employees alike. On the other, it may probably have a negative impact on the employers’ attitude towards the employees. The employers may possibly change their incentive schemes to promote productivity and to create a pleasant working environment.

In general, employers or the owners of business firms tend to offer bonus to their employees or staff members in addition to their usages and salaries. They also tend to award the outstanding workers. They organize holidays and other trips, make arrangements for sickness benefits and insurances. Moreover, some business firms provide their workers with perks such as free lunch, ferry service, and

health care free of charge such attempts of employees to provide a job satisfaction for the workers are very likely to change when they need to follow the instructions concerning the basic minimum wage for the workers.

Some factory owners may probably push their workers to do overtime to cover the increases they have to pay to an average worker. Consequently, the workers' health may break down leading either to the loss of job or to lack of money to support the family. The employer is responsible to pay a double wage to a worker if he has to work more than eight hours a day. In some cases, the factory owners may offer the overtime wages to the workers but they may either raise the fees for ferry service or reduce the amount of bonus etc as a response to the bill of the minimum wage. The employees from the formal sector (steady job) will probably lose their jobs due to an increase in the daily minimum wage. They may have to work at informal sector or self-employment.

Another difficulty is to fix proper minimum wages for child laborers. Many children under 18 years of age are found to be working at tea-shops and restaurants etc in poor countries like Myanmar. Their parents are too poor to send them to school. Being middle school drop outs, they become child laborers. So, the government is supposed to determine their daily minimum wage to support, their livelihood. Another way of helping such children is open evening classes for them. Only when these children are made accessible to the opportunity to learn or to suitable jobs, will their future be good enough for them to enjoy social security. And their younger generations will also be able to enjoy social security. The new government is spending money more on education and health sectors. But those large expenses are still insufficient to develop human resources continuously. The main problem of education sector seems to be the shortage of competent teachers due to the wrong focus on quantity rather than on quality.

If the fixing of minimum wages is not done properly, there will be extra cost both for the employer and the employees. For instance, if the minimum wage is fixed less than it should be, the employees will get into trouble as they cannot afford the costs for their social security such as expenses for health care and social functions. Thus, there will be loss of human resources.

For these reasons, fixing the amount of new minimum wages should be done at least three months in advance the time of next general election. Although it is appropriate to conduct the renewal process of fixing minimum wages of the workers at least every two years, it is more important to do this activity at a quite distant time before the time of general election. A law that requires the two activities to be performed as separately as possible should be stipulated. Or else, the bill of calculating minimum wage will become an exploitation tool for political parties rather than a useful measure to solve the social issue between the employers and the employees.

It is found that the minimum wage for workers on daily wage in government service is less than it should be. A sum of 80,000Kyat (or) 61\$ per month is too little for them to meet their basic needs. Even the government servants are not supposed to be well-protected by the law. Let alone the workers in the private sector. So, it is necessary to check if the enforcement of minimum wage law can effectively enforce the private sector. Unless the penalty for the isolation of this law is serious, the level of effectiveness will be low. To ensure the effectiveness of this law, the government is required to create a channel through which complaints can be sent to the authorities concerned whenever each party either the employer or the employee violates this law.

Besides, it is learnt that the new democratic government led by the President U Htin Kyaw will change the starting point of a fiscal year from April to October. Therefore, calculating the minimum wages should be done at the start of a fiscal year when the government allots the budget in order to control the inflation by indirect way.

In terms of the prices of goods, if the amount of the minimum wage is changed according to the law at least every two years, there will be inflation as this process can encourage the undesirable drive in the business people who always want to do speculation of prices. It is evident that price rapidly rise in our country every time the government increased the salaries of the service personnel. Likewise, the increase in the minimum wages of workers may also create such a dilemma. On part of the employees, they might possibly go on a strike to demand more wages that will be legally allowed by the government. As a consequence, the nearer to the month designated to allow a new wage, the more likely there will be strikes. So, the government should consider the link between strikes and increased wages. The new method of fixing minimum wages, adopted in 2011, still takes into account the increase in the cost of living, or more specifically the forecast inflation, with a corrective to compensate for the difference between the forecast inflation rate and the CPI for the previous six months.

2.1 Minimum wage can cause of rise of short-term unemployment and inflation.

In 1967, however, Friedman gave a presidential address to the American Economic Association in which he argued that the correlation between inflation and unemployment, even though it was visible in the data, did not represent a true trade-off, at least not in the long run. "There is," he said, "always a temporary trade-off between inflation and unemployment; there is no permanent trade-off." In other words, if policymakers were to try to keep unemployment low through a policy of generating higher inflation, they would achieve only temporary success. According to Friedman, unemployment would eventually rise again, even as inflation remained high. The economy would, in other words, suffer the condition Paul Samuelson would later dub "stagflation." [Paul Krugman](#)

2.2 How to calculate the minimum wage in selected countries?

1. Brazil

In Brazil, a law has established that minimum wage adjustments be determined by a formula that considers past inflation and GDP growth. In the case of inflation, the formula considers the inflation accumulated during the previous year (t-1), while for GDP, due to the lag in receiving final results, they apply the rate of increase of year t-2.

Brazil's formula for determining adjustments (where MW is minimum wage) is as follows:

$$\Delta MW_t = \Delta CPI_{t-1} + \Delta GDP_{t-2}$$

The law establishes that this formula should be revised every four years. It was first adopted in 2008, and renewed in 2012 and 2016.

2. Malaysia

In the case of Malaysia, the minimum wages rate was set using a combination of several socio-economic indicators grouped as either base criteria or adjustment criteria. The base criteria were the Poverty Line Income (PLI) per worker and median wages. The PLI is used to account for the basic cost of living per worker in a household while median wages of the lower half of wage earners in the private sector reflects the firms' ability to pay. These two elements were then averaged to represent the floor wage. This floor wage is then adjusted by the adjustment criteria. This second group of criteria includes: labour productivity growth, the percentage change in the Consumer Price Index (CPI) and real unemployment rate, as illustrated below:

MW = Minimum Wages (RM)

PLI = Poverty Line Income (RM)

P = Productivity growth (%)

CPI = Consumer Price Index (% change)

UE = Real Unemployment Rate (%) = (Unemployment rate – 4%)

i = Region (Peninsular Malaysia, Sabah and Sarawa)

3. France

In France, annual minimum wage adjustments are linked to the evolution of the CPI, as well as to the increase in the purchasing power of blue-collar workers' basic hourly wage. The minimum wage adjustment takes place every January. It incorporates the change in the CPI over 12 months (November t-2 to November t-1).

The annual revision of the minimum wage also incorporates half the annual increase in the hourly basic rate of blue collar wages (from September t-2 to September t-1), resulting from a specific survey carried out quarterly by the Ministry of Labour.

France's formula is:

$$\Delta MW_t = \Delta \text{CPI Nov } t-2/\text{Nov } t-1 + 0.50 * \Delta \text{Blue collar hourly wage Sep } t-2/\text{Sep } t-1$$

France's minimum wage also has an automatic guarantee concerning the evolution of prices. This adjusts the minimum wage every time the price index increases by 2 per cent or more since the last adjustment.

In addition to this mathematical determination of minimum wage adjustments, France also has a discretionary component that can introduce an additional percentage to the final increase.

Table-2. Comparative minimum wages rates of daily and monthly in ASEAN and selected countries (in US \$) (As of 29 September 2017)

ASEAN and Selected Countries	Daily Minimum Wage	Monthly Minimum Wage
Brunei Darussalam	NA	NA
Cambodia*	5.67	170
Indonesia	3.33 – 8.35	99.91 – 250.63
Lao PDR	3.68	110.34
Malaysia	7.27 – 7.90	218.16 – 237.13
Myanmar	2.68	80.28
Philippines	6.68 – 7.46	200.26 – 223.82
Singapore**	NA	NA
Thailand	9.02 – 9.32	270.71 – 279.74
Viet Nam	4.92 – 5.55	147.47 – 166.57
China	5.02 – 11.00	150.64 – 329.90

* *The Ministry of Labour and Vocational Training of Cambodia notification issued on October 5 declared that the USD170 will take effect from 1st January 2018.*

** *Singapore has no minimum wage laws or regulations. However, two exceptions were made recently: Cleaner jobs to have a minimum wage of \$1,000 per month effective January 2014 and Security guards have a minimum wage of \$1,100 per month effective September 2016. Singapore's minimum wage was last changed in 1-Sep-2016.*

Note: Daily minimum wage rates were calculated with 30days.

Source: Philippine Department of Labor and Employment, National Wages and Productivity Commission,

www.nwpc.dole.gov.ph/pages/statistics/stat_comparative.html

Like other ASEAN countries, Myanmar has fixed the minimum wages for worker. But the amount of wages fixed by Myanmar is found to be the lowest one among ASEAN countries. Unlike other countries, Myanmar does not divide into three or four regional minimum wage. Myanmar's minimum wages are the lowest even among CLMV countries.

III. Theory Background

3.1 Theory of inflation

The two main causes of inflation are demand-pull inflation and cost-push inflation.

1. Demand-pull inflation

If the economy is at or close to full employment, then an increase in AD leads to an increase in the price level. As firms reach full capacity, they respond by putting up prices leading to inflation. Also, near full employment with labor shortages, workers can get higher wages which increase their spending power.

Aggregate Demand can increase due to an increase in any of its components $C+I+G+X-M$

We tend to get demand-pull inflation if economic growth is above the long-run trend rate of growth. The long run trend rate of economic growth is the average sustainable rate of growth and is determined by the growth in productivity.

2. Cost-push inflation

If there is an increase in the costs of firms, then businesses will pass this on to consumers. There will be a shift to the left in the AS.

Cost-push inflation can be caused by many factors.

1. Rising wages

2. Import prices

3. Raw material prices

4. Profit push inflation

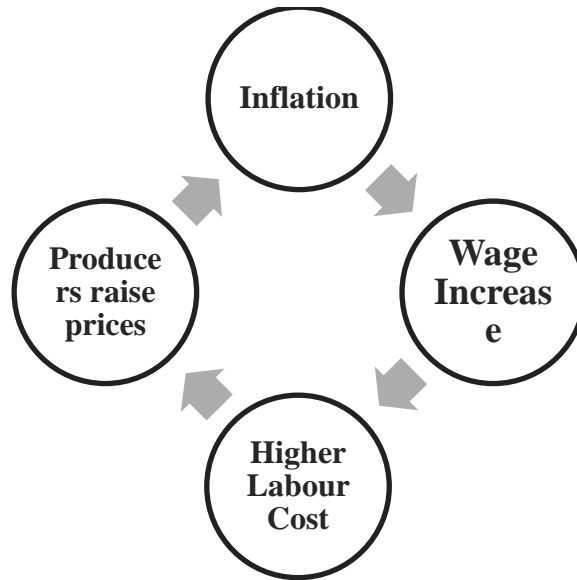
5. Declining productivity

6. Higher tax

7. Rising house prices

8. Printing more money

9. Inflation expectations



The above diagram shows how inflation is caused by wage increase.

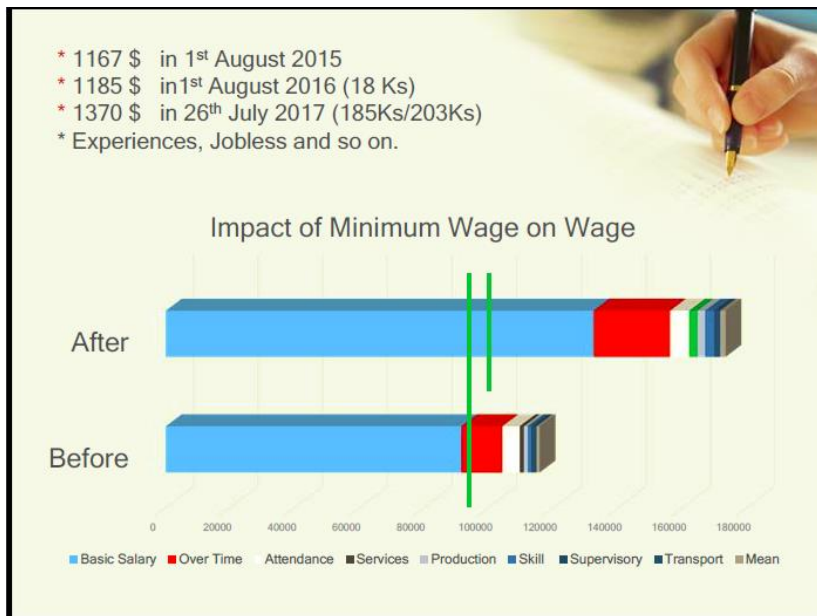
IV. Advantages and Disadvantages of Regular Adjustments on Minimum Wage

4.1 The advantages of regular adjustments

Most frequently, countries adjust their minimum wages once a year. Some countries, adjust rates every six months, while others have 2-years intervals. Annual adjustments seem adequate in periods of low or moderate inflation, providing workers and employers with appropriate predictability and allowing for regular adjustments, in line with evolving economic circumstances.

Findings on the impact of minimum wage policies on inequality are also mixed. Various studies find that minimum wage legislation plays a role in reducing wage inequality among wage workers and that minimum wages help compress wages among workers in the lower part of the wage distribution. Ximena Del Carpio and Laura Pabon,(2014)

Figure 1: Impact of Minimum Wage on Wage in Myanmar



Source: CESD

According to the figure 1, before the minimum wage employee are not sure to get regular wage but after increase in wage for employee, its sure to get basic salary. Passing the bill of fixed minimum wage can reduce the conflict between the employer and the employee. Thus there is an increase of job pleasure for the employees proper intervention and mediate of the government between the employers and employees can also bring about benefits.

4.2 The disadvantages of regular adjustments

The problem of inflation linked to increased minimum wage is a difficult one to solve just as the problem of egg and the hen in which no one can calculate which one is origin. It is evident that, inflation has already taken place in Myanmar long before the wage adjustment process is introduced. Myanmar has experienced of speculative motive inflation of firms on increase of government servants salaries.

Wage adjustment process to be performed every two years can have negative impact on economy. The first one is the rapid rise of prices especially in rental of flats and hostels. So, the government should control and monitor the macroeconomics conditions before it introduces increased wages.

In Myanmar, the punishment for the violation of the minimum wage law for employer is one year's imprisonment (or) a fine of 500,000 Kyats. This mode if punishment is a major difficulty for negotiation between employers and employees. Employers don't need to care the law because the punishment of law is minor. According to the Myanmar's minimum wage law, NMWC has right to adjust the minimum wage at least once every two years.

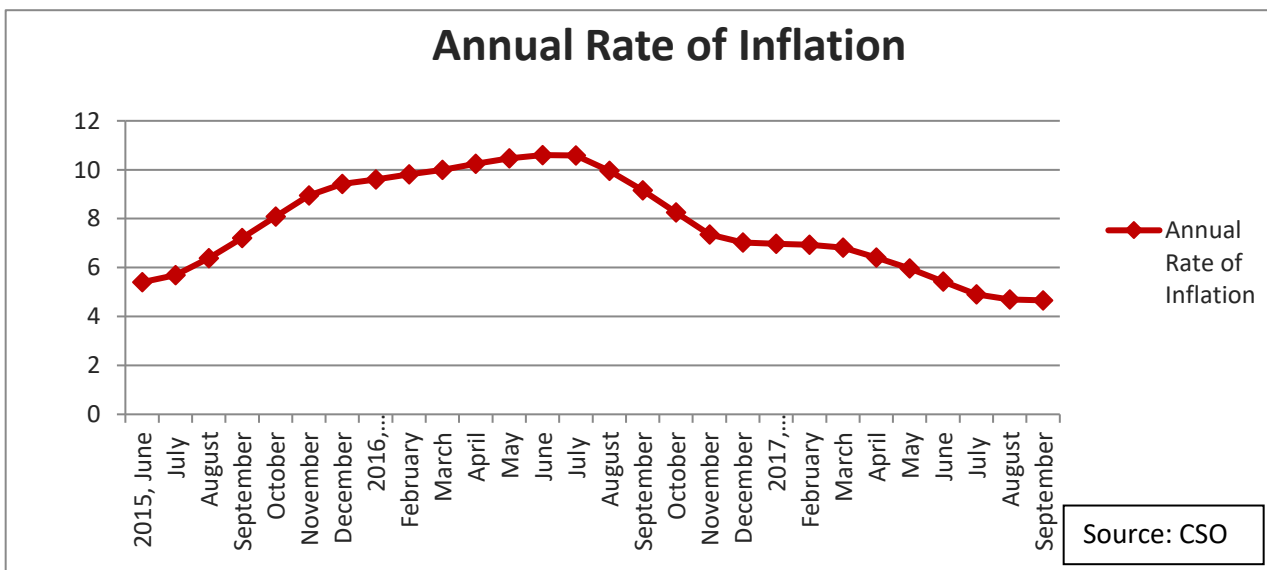
Fixing the minimum wage is not new. In 1949, there was a similar measure to fix the minimum wages in Myanmar. In 2015, minimum wage adjustment was re-introduced to Myanmar sixty six years after it was first initiated. So this activity had no considerable effect on inflation. But this activity is supposed to be done every two years. If so, it can have significant effects on inflation rate.

4.3 Inflation Rate

In July 2015, The National Minimum Wage Committee (NMWC) ² calculated the inflation rate of three months. The problem is that April is also included in those three months. Yet, there is water festival in April so every office and business are closed for 10 days. Meanwhile, people prepare to collect their basic needs such food and water. At that time, inflation rate increases for 2 point compared with that of the previous month. Then NMWC collected the data of inflation rate in living cost for the three months yet, calculation might be higher than the real price. {The National Minimum Wage Committee (NMWC) waited 60 days}.

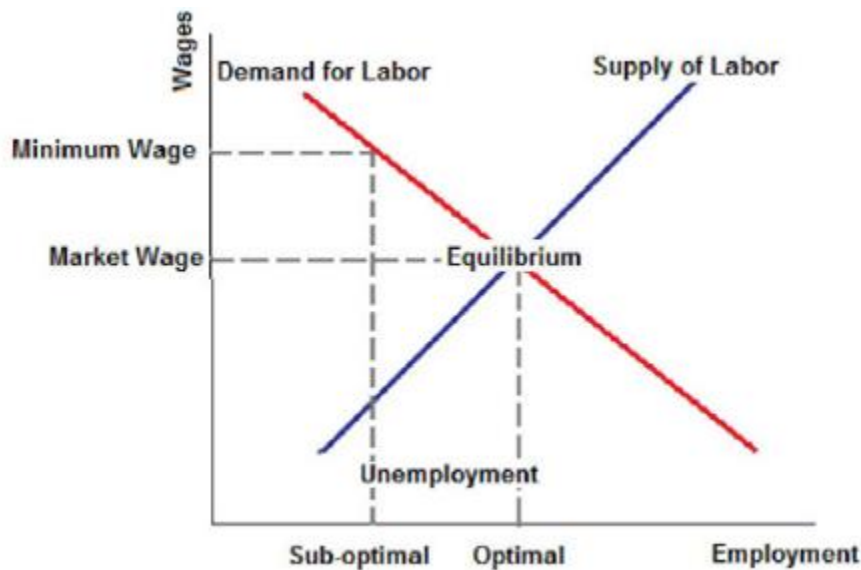
On the 1st of September 2015, the Minimum Wage rate was designated to be 3,600 Kyats per day for working eight hours per day by government. After this decision, the annual inflation rate continuously increased starting from September 2015. Inflation and minimum wage are positively related and they affect each other.

Table- 3: Annual Rate of Inflation 2015 to 2017(July)



4.4 Impacts and effects of minimum wage in ASEAN countries

Minimum Wage in a Competitive Labor Market



Source: Ximena Del Carpio

Specifically, increases in the minimum wage reduce the number of wage workers and increase self-employment. The number of wage workers declines because many workers with informal contracts lose their jobs, but only a fraction of them is absorbed by the creation of jobs outside of the formal economy or self-employment. In addition, the analysis found that minimum wages in Vietnam help raise the average wages of workers who remain employed. *Del Carpio, Nguyen, Nguyen, Wang, 2013*

According to the figure, increase in minimum wage effect on unemployment rate. Increased wages can solve the problem of living cost for employees but they cannot assure in productivity increase. *Del Carpio, Nguyen, Nguyen, Wang, 2013*

Some studies focusing on the ASEAN region have found that impacts of raises in the level of the minimum wage can disproportionately reduce the employment opportunities of subsets female workers (mainly less skilled workers), younger workers, recent entrants to the labor market, and lesser skilled workers *Del Carpio, Nguyen, Nguyen, Wang, 2013*

Notably, a study measuring the impact of minimum wage increases on inflation in Vietnam between 1994 and 2008 finds that, when properly measured, minimum wage level increases did not cause inflation during those years; rather, price increases came about due to increased consumption of goods around the Vietnamese New Year festivals *Del Carpio, Nguyen, Nguyen, Wang, 2013*

Findings from Thailand highlight that while the effects of minimum wage increases can be positive along the wage distribution, the effects vary across groups. *Del Carpio, Nguyen, Nguyen, Wang, 2013*

A simulation exercise for the Philippines finds that minimum wage changes can bring varying degrees of poverty reduction across different types of households and geographic locations. The simulation exercised undertaken for the Philippines also found that although the minimum wage has an impact on household income, the impact is very small. For Indonesia, for instance, one study by Chun and Khor (2010) shows that the minimum wage legislation has played a role in reducing wage inequality in Indonesia. *Del Carpio, Nguyen, Nguyen, Wang, 2013*

The minimum wage policy could potentially affect firm performance in a number of ways. One potential impact is that firm profit margins are negatively affected, thus reducing profitability. Another possibility is that firms pass on increased wage costs through price increases. third and perhaps more dire possibility is that firms are unable to cope with lower profits or pass on the increased costs to consumers and are forced to enter the underground economy or exit the market altogether. *Del Carpio, Nguyen, Nguyen, Wang, 2013*

The analysis found that in Indonesia's manufacturing sector, minimum wages have significant and negative employment effects in small firms, while they have limited effects on large firms. The analysis also found that minimum wages are more correlated with average wages in small firms than in large firms. *Del Carpio, Nguyen, Nguyen, Wang, 2013*

The effects of minimum wage increases on inflation were investigated in Vietnam by Nguyen (2011), who found that the drastic (245 percent) increase in the consumer price index (CPI) in Vietnam for the 1994-2008 time period is not attributable to increases in the minimum wage level; instead, inflationary pressures were caused by other economic factors, including increased consumerism around holiday periods. *Del Carpio, Nguyen, Nguyen, Wang, 2013*

Table-4: Minimum Wages in ASEAN and Selected Countries

Legislation of the Minimum Wage in ASEAN (except Lao PDR) and Selected Countries, Status as of 2013		
Country	Relevant Law	Relevant Institutions/ Entities/ Notes
Brunei	- No Minimum Wage Law	- Enforcement of other labor regulation is under the Department of Labor
Cambodia	- Labor Law (1997)	- Ministry of Labor - Labor Advisory Committee - Only applicable to the garment sector
Indonesia	- Law on Manpower Affairs (Act 13,2003)	- National Wage Council 2003) - Provincial Wage Councils - District (Regency)/City Wage Councils - Ministry of Manpower and Transmigration - Head of local governments: Governors, Mayors, etc.

Malaysia*	<ul style="list-style-type: none"> - Wages Councils Act (1947) - Employment Act (1955, revised, 1981) - Industrial Relations Act (1967, amended 1980) - National Minimum Wage Act (2011 with implementation scheduled for 2013) 	<ul style="list-style-type: none"> - National Wages Council - Ministry of Human Resources - National Wages Consultative Council (as of 2011)
Myanmar***	<ul style="list-style-type: none"> - Minimum Wage Law was set in 1949 - Minimum Wage Law (2013) - Minimum Wage Rules (2013) 	<ul style="list-style-type: none"> - National Minimum Wage Committee under the office of the President was formed in September 2013 - Ministry of Labor, Employment, and Social Security - In March 2013, new Minimum Wage Law was enacted by Parliament, replacing the 1949 Minimum Wage Act. Implementation started on 1 September 2015.
Philippines	<ul style="list-style-type: none"> - Labor Code (1974) - Wage Rationalization Act (1989) 	<ul style="list-style-type: none"> - Regional Tripartite Wage and Productivity Boards - National Wages and Productivity Commission - Department of Labor and Employment - Parliament has power to enact a legislation setting statutory minimum wage rate
Singapore	<ul style="list-style-type: none"> - No Statutory minimum wage 	<ul style="list-style-type: none"> - Enforcement of other labor regulations is under the Ministry of Manpower
Thailand**	<ul style="list-style-type: none"> - Labor Protection Act (1998) 	<ul style="list-style-type: none"> - National Wage Committee - Provincial Minimum Wage Sub-Committees (appointed by the National Wage Committee) - Major (uniform) 2013 reform
Vietnam	<ul style="list-style-type: none"> - 1990 government decree {introducing two minimum wage rates (one for domestic establishment and another for foreign invested enterprises)} - Labor Code (1994) - Series of decrees, latest in November 2007 - Decree 49/2013/ND-CP in July 2013 to establish National Wages Council 	<ul style="list-style-type: none"> - Ministry of Labor (MOLISA) - National Wage (Policy) Reform {Steering} Board [governmental body] - Four zones, four distinct levels - National Wages Council {Since 2013}
China	<ul style="list-style-type: none"> - Regulations on Minimum Wage in Enterprises[1993, revised in 2004] 	<ul style="list-style-type: none"> - Labor and social security bureaus in each province, autonomous

	- Labor Law (1994)	region or municipality and city - Ministry of Human Resources and Social Security (MOHRSS)
Source: Various. World Bank, 2013 and ILO's Database of Conditions of Work and Employment		
- Laws		

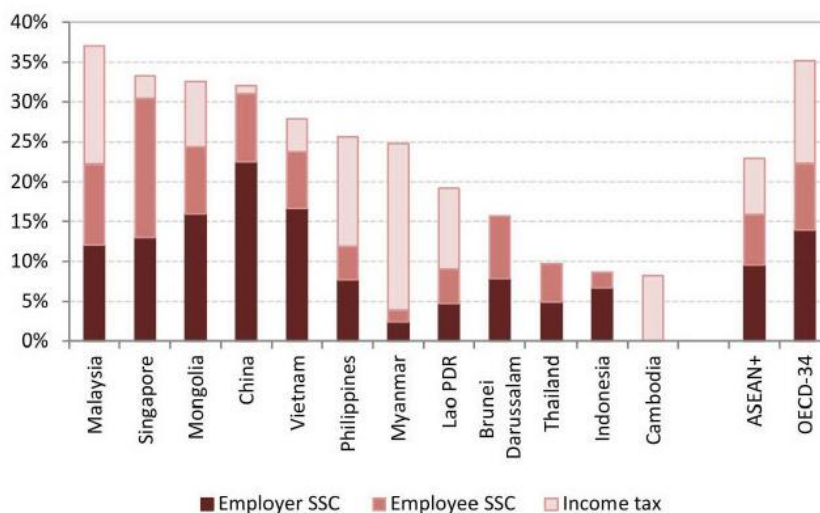
Notes: *Malaysia just passed the Minimum Wage Law, and enforcement began in 2013.

**Thailand has recently introduced a uniform minimum wage across the country, but the law for future revisions of the level continues to be at the provincial level.

***Edited from CESD Labor Market Reform Working Paper No. 1/2016, Thomas Bernhardt , S Kanay De, Mi Win Thida and Aung Myo Min, JULY 2016

Source: Various, author's research from reviewing legal documents.

Figure 2: Tax Wedge on Labor for OECD and ASEAN Countries, 2010 (% of Labor Costs)



Source: Country tax regulations; KPMG Individual Income Tax and Social Security; Taxing wages report 2011 OECD

Figure 2 disaggregates tax wedge by components 2010 as a share of the labor costs. In most countries, social security contributions account for the largest share of the tax wedge, and within these, the employers' contributions dominate, except in Singapore and Brunei. China imposes the highest tax rate for social security among the countries reviewed; it represents 22 percent of the total labor cost for a worker. Singapore on the other hand, imposes most of the tax burden for social security on workers; they contribute 17 percent of the total labor cost for social security, while employers only pay 13 percent of total labor costs in social security contributions.

There is a clear association in **ASEAN** between high non-wage labor costs, lower employment rates and higher unemployment. And this is true for all workers as well as youth and women. This finding is consistent with evidence from around the world. *Del Carpio, Nguyen, Nguyen, Wang, 2013*

V. CONCLUSIONS

"The case [of minimum wage] is in one respect very much like public housing. In both, the people who are helped are visible-the people whose wages are raised; the people who occupy the publicly built units. The people who are hurt are anonymous and their problem is not clearly connected to its cause: the people who join the ranks of the unemployed or, more likely, are never employed in particular activities because of the existence of the minimum wage and are driven to even less remunerative activities or to the relief rolls; the people who are pressed ever closer together in the spreading slums that seem to be rather a sign of the need for more public housing than a consequence of the existing public housing." Milton Friedman, Capitalism and Freedom, 2002

The factors to be taken into account in fixing the minimum wage in Myanmar.

- a) To be a moderate wage for both the employer and employee
- b) To designate the minimum wage in a proper time depending on the fiscal year
- c) To prevent the potential problems and loss that may arise from fixing the minimum wage like inflation rate by seeking various means of solution for them on government's part
- d) To change the weakness of law enforcement
- e) To establish a system through which the government can check and balance the potential conflicts between the employer and employee due to the increased minimum wage.

References

1. https://mdricesd.files.wordpress.com/2016/01/presentation-myanmar_s-minimum-wage-cambodia.pdf
2. http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-yangon/documents/publication/wcms_546641.pdf
3. <https://www.thebalance.com/causes-of-inflation-3-real-reasons-for-rising-prices-3306094>
4. <http://www.s-cool.co.uk/a-level/economics/inflation-and-monetary-policy/revise-it/what-are-the-causes-of-inflation>
5. <http://www.economicshelp.org/macroeconomics/macroessays/what-causes-sustained-period-inflation/>
6. Minimum Wage Policy: Lessons with a Focus on the ASEAN Region, Ximena Del Carpio and Laura Pabon, January 2014. World Bank
7. Minimum Wages Law 2013, Myanmar
8. Minimum Wages Rules 2013, Myanmar