

# Labor Policy under Natural Disasters

October 23, 2012

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# OUTLINE

- Introduction (Asian perspective)
- Tragedy of 3.11 and its impact on labor
- Theoretical and empirical consideration
  - Devastating effect on impact
  - Measures needed in reconstruction phase
  - Exodus of migrant workers under crisis
- Policies taken after 3.11
  - ILO APRM Recommendations
  - Japan as One Work Project
- Recommendations
  - Quick and enough measures on impact
  - Continuous efforts throughout reconstruction
  - Coordination is essential
  - Preparation at the time of peace

# Asian perspective

- Natural disasters are concentrated in Asia
  - 40 percent of natural disasters
  - 82 percent of casualties
- However, capacity to cope with natural disasters is not sufficient in Asia, (especially in terms of labor policy)
- Not enough attention has been paid on employment policy under reconstruction period.
  - Reconstruction without effective employment policy is not enough to achieve self-sustained economic recovery of the disaster victim
- Japan experienced two historical earthquakes recently.
  - Hanshin-Awaji (Kobe) in 1995 and The Great Eastern in 2011
- So, let us investigate some lessons from the Japanese experience, which could be applied to ASEAN.

# Tragedy of 3.11 and Labor

- Triple disasters
  - Earthquake
  - Tsunami
  - Meltdown of Nuclear power plant in Fukushima
- Devastating damages
  - Casualties: 16 thousand
  - Housing damages:
    - Complete damage 130 thousands
- Employment
  - Massive unemployment
  - Widespread impact to other regions too.

# Need for Quick and Enough Measures on Impact

- Loss of business sites
  - Factories, farm, fishery base
  - Resulting unemployment on massive scale
- Loss of living sites
- Loss of infrastructure
- Demand-supply gap of labor (**mismatch**)
  - Labor shortage at essential services (medical, elderly care etc.) under massive unemployment
- **Indirect loss off-site**
  - Unemployment are not confined to the disaster areas
- *Emergency measures* are needed to help people

# Measures needed in Reconstruction Phase

- In the medium and long run
  - Huge investment for reconstruction
  - Stimulating effects on employment
  - However, **well-designed policies** are needed
  - Infrastructure ( both hardware and software) to increase “economic **multiplier** “(in Keynes sense)
  - Reduce **mismatch** of labor demand and labor supply
    - It is often the case that needed labor is different type from the unemployed there.
- Broader perspective
  - Stimulating impact will spread to **other regions**, too.
  - **Coordination** of various parties are essential.

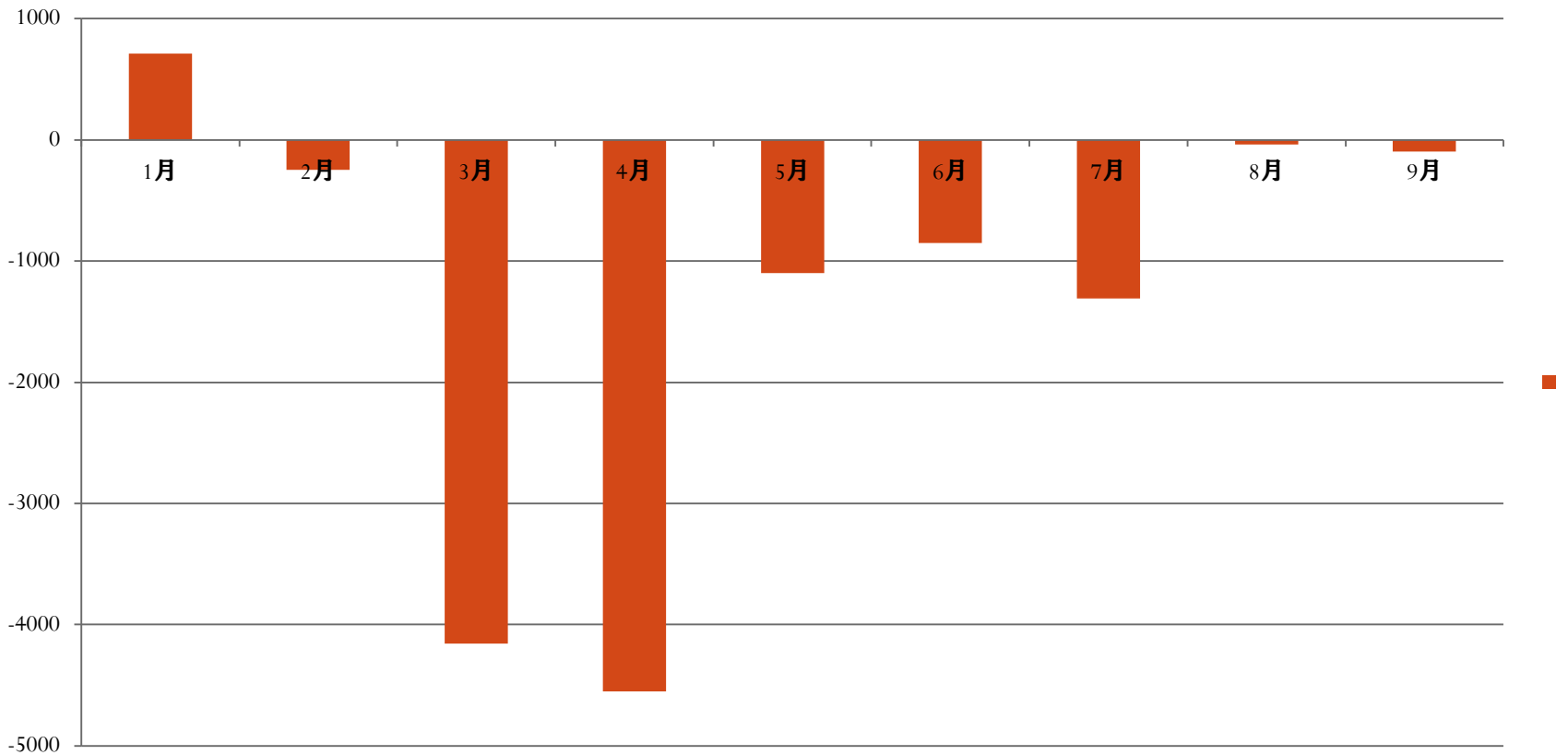
# Exodus of migrants under crisis

## An Example of **vulnerability**

- Migrant workers have played important role for economic growth.
- But, too much reliance on them are dangerous : supply of migration is often unstable; huge amount of remittances.
- We have observed great **exodus of Nikkeijin** Workers in time of two crises.
  - 3.11 (natural disaster)
  - Lehman shock (economic disaster)

# IMPACT OF 3.11

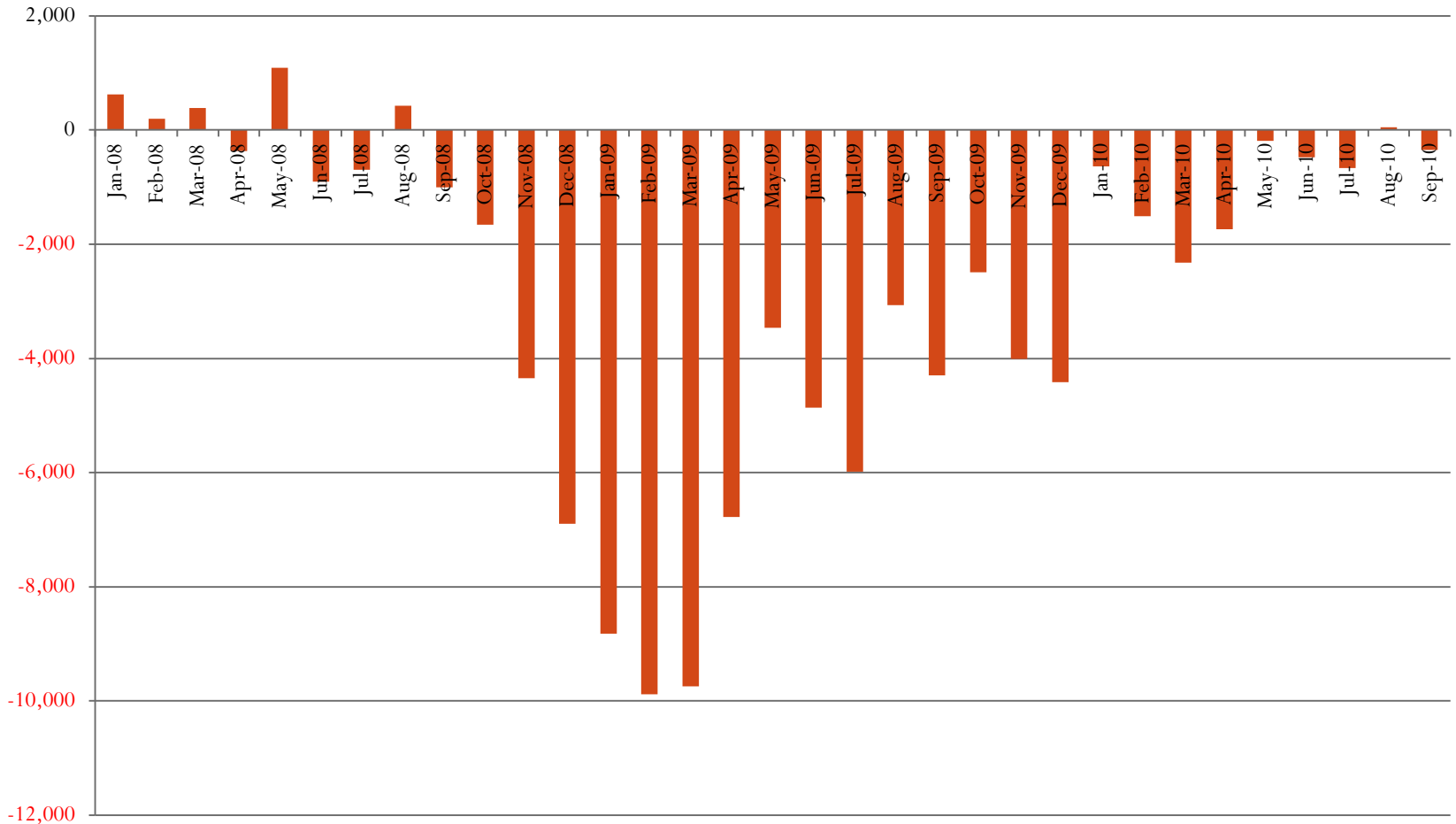
## Net Outflow of Nikkeijin after 3.11



Five months after 3.11: 11,962



# Net Outflow of Nikkeijin after the Lehman Shock



# Initiative by International Organization

- “Lessons Learned on Employment Policy towards Natural Disaster Response” from the Special Session by the Government of Japan at the 15<sup>th</sup> **Asia and the Pacific Regional Meeting of the ILO**
- Very informative and comprehensive recommendations:  
See attached text (**appendix 1**)
- Some highlights are shown below:

# Highlights of APRM Recommendations

- To recover self-sustained livelihoods throughout mid-term support and secure employment, together with emergency aid for unemployed
- Job cultivation, job replacement services, vocational training should be provided by public employment security organizations
- Employment policy towards natural disaster response should be formulated based on dialogue with employers, employees, local governments etc.
- Enough attention should be paid to other areas not damaged by natural disaster
- Appropriate measures for occupational safety and health should be carried out.

# Initiative by the national government

- “Japan as One” Work Project:
  - Phase 1: immediately after the earthquake
  - Phase 2: restoration period
  - Phase 3: reconstruction period
- Detail of the project is attached ([Appendix 2](#))
  - Source: Japanese Ministry of Health, Labor and welfare

# Highlights of Japan as One Work Project

- **Employment creation through business reconstruction**
  - Merger of employment policy and industrial policy
  - Subsidy and loans to important business in the region
    - 2.25 million yen per employees (for three years)
    - 45,000 workers planned in fiscal 2012
- Assistance **targeted groups** for the model project (for women, handicapped etc.)
  - 52 million yen per project; 2309 workers assisted
- Assistance through **public employment security offices**
  - More than 21 thousand workers have been assisted
- **Training program to reduce mismatch**
  - 16,217 in 2011

## Recommendation 1

### Quick and Enough measures should be taken on impact

- Obviously, emergency measures are needed to help workers
- More attention should be paid to **socially weak people**, such as women, the poor, the elderly, the handicapped etc.
- Measures should not be confined to disaster areas

## Recommendation 2

### Effective measures are needed throughout reconstruction phase

- To make the most of the stimulating effect by reconstruction demand
- **Good management** to avoid waste of money
- **Infrastructure** (both hardware and software) to increase economic “multiplier” (in Keynes sense)
- “**Mismatch**” of labor should be reduced

## Recommendation 3

### Coordination efforts are utmost important

- **Dialogue** among, employers, employees, local governments, central governments
- **Strong and Effective headquarters** are needed to coordinate recovery and reconstruction efforts
- Efforts should not be limited in the disaster areas



## Recommendation 4

### Preparation at the Time of Peace is important

- *Ex post* measures are not enough.
- More attention should be paid to preparation at the time of peace.
- Measures before the natural disaster hit
- Rectify vulnerable social and economic system
  - Excessive reliance on foreign labor
  - Complicated network without backups
- Systems of coordination (locally, nationally, and internationally) are important

Thank You !