

April 14, 2011

**24<sup>th</sup> Annual Keizai Doyukai National Network Seminar  
Urgent Appeal for Support of Recovery Efforts**

**Recovery as the Process of “New Nation Building”  
for a Brighter Future**

**Keizai Doyukai National Network**

We express our heartfelt condolences for the victims of the Great East Japan Earthquake and extend our sincerest sympathies to all who have suffered in this disaster. We also take this opportunity to express our deepest respect for all who are engaged in the recovery work in the disaster-stricken areas.

Japan must rise above the destruction wrought by this unprecedented calamity and rebuilt itself as a vibrant and revitalized country. To successfully meet this challenge, all quarters of society including the government, businesses, and the people must, by executing their own duties and responsibilities, persistently perform the tasks that lie ahead in the process of recovery and reconstruction.

The Keizai Doyukai National Network presents the following proposals to the government in an appeal for urgent and swift response to the current crisis and for mounting a program of recovery aimed at “new nation building” for a brighter future.

**I. Swift Response to the Current Crisis**

**(1) Bringing Together the Best Minds from Japan and Abroad for an Early Resolution of the Nuclear Problem**

The Fukushima Daiichi Nuclear Power Plant Station accident has seriously impacted the surrounding areas and is generating a broad range of threats and damages. To respond to this crisis, a framework should be created for bringing together the best minds and knowledge from Japan and the rest of the world, and by accepting the offers made from around the world for the dispatch of expert teams and specialized equipment as well, Japan should make the greatest possible effort to achieve an early resolution of the crisis.

**(2) Disclosure of Accurate and Easy-to-Understand Information to Eliminate Anxiety**

Accurate information concerning the damage caused by the earthquake and tsunami, the status of the nuclear power plant, and future prospects must be

made available in an easy-to-understand format. Failure to do so thus far has amplified anxiety and triggered suspicions both in Japan and in the rest of the world. Excessive and sensational reports appearing in the foreign media have created a situation that is a source for grave concern. Japan's carefully fostered "brand" of safety and security has been seriously undermined; harmful rumors and misinformation are taking a serious toll not only on Japan's agricultural produce but also on its industrial products; foreign-affiliated firms are evacuating or leaving Japan, as are many foreign students; and, there has been a precipitous decline in the number of foreign visitors arriving in Japan.

To prevent the spread of losses from harmful rumors and misinformation, we call on the government and the electric power operators to make every possible effort to disclose accurate and easy-to-understand information both domestically and overseas.

### **(3) Greatest Possible Effort to Ensure Adequate Supply of Electric Power**

The Tohoku and Kanto areas can be expected to experience serious power shortages during the summer peak season. With this in mind, every effort must be made to promote the conservation of electric power and to accelerate the process of increasing the output capacity of thermal power plants. Furthermore, fuel supplies and supply-demand conditions are expected to become very tight nationwide beginning around June. This will require the launching of various initiatives aimed at ensuring stable power supplies. Although current public opinion takes a very harsh view of nuclear power generation, nuclear reactors that have undergone and completed their periodic inspections should be brought back into operation without delay following experts' careful and prompt verification of their safety and the implementation of appropriate anti-disaster measures. Similarly, the three nuclear reactors at the Kashiwazaki-Kariwa Nuclear Power Station that are currently in shutdown should also be brought back into operation as necessary preparations are completed. In this way, the greatest possible effort should be made to ensure adequate supplies of electric power.

## **II. Recovery as the Process of "New Nation Building"**

### **(1) Recovery as an Opportunity for New Nation Building**

The Great East Japan Earthquake has brought devastation to an enormous area that covers the Tohoku and Kanto areas. However, in addition to the regions directly affected by the disaster, economic activities have been seriously impacted throughout all of eastern Japan. The effects of these developments are expected to spread to the rest of the country.

To overcome this crisis and to rebuild the disaster-stricken areas, conventional approaches to regional development featuring airport, port, and other infrastructure projects pursued separately by individual prefectures should be avoided. Instead, the recovery process should be focused on creating wide

economic areas that are attractive, internationally competitive, and fully capable of serving as a potent driving force in the future growth and development of the national economy.

To achieve this objective, the goal of the recovery must not be merely “restoring” the disaster-stricken areas to their pre-earthquake conditions. Based on the exercise of strong political leadership, the process of recovery must take a comprehensive perspective with a vision for the entire region. The fundamental concept for the whole recovery process should be a “new nation building” that is aimed at constructing a vibrant and fully revitalized country, while giving full expression to regional autonomy and initiative.

## **(2) Establishment of “Tohoku Recovery Authority” (provisional title)**

To achieve total optimization over a very large area, we propose the establishment of the “Tohoku Recovery Authority” (provisional title), which would rise above the existing administrative framework to take responsibility for the execution of the recovery plan. Instead of functioning under the aegis of the Cabinet Office, the Tohoku Recovery Authority should be formed under the provisions of Article 3 of the National Government Organization Act as an organization independent of any government ministry or agency. This organization would be empowered to make a collective budget allocation, to delegate authority to its local branch bureaus and departments responsible for the actual implementation of the recovery plan, and to take the lead in all aspects of planning, formulating, and implementing the recovery effort. The Tohoku Recovery Authority would be headquartered in the Tohoku area to ensure that the autonomy of local residents is fully respected and the views and human resources of the region are fully utilized.

Moreover, the organization of the Tohoku Recovery Authority should be designed with an eye to the future introduction of doshu [super-prefecture] system. Acting in close cooperation with the prefectural governments of the region, the Tohoku Recovery Authority should play a central role in rebuilding the structures of local government and administration through such initiatives as the formation of broadly based regional federations and the amalgamation of municipalities.

## **(3) Remaining on the Path to Fiscal Soundness**

Full recovery will require the expenditure of enormous amounts of money that will easily exceed the sums spent after the Great Hanshin-Awaji Earthquake. In view of Japan’s current fiscal conditions, the facile choice of merely issuing new government bonds and taking on new government debt must be strictly avoided. The recovery effort must remain firmly on the path to fiscal soundness.

As the first step toward the realization of this objective, thorough efforts must be made to reduce expenditures. This calls for an urgent review of priorities and a temporary freeze on some key policy measures contained in the Manifesto of the Democratic Party of Japan, such as the payment of child allowances. At the same

time, spending on all non-essential and non-urgent public works should be suspended and thorough efforts should be made to identify and eliminate wasteful spending and practices associated with the government's special accounts and independent administrative corporations.

Given that very large sums will be required in the recovery, flexible approaches should be adopted to ensure access to the necessary fiscal resources. A broad range of possibilities should be examined, including the establishment of a "Special Recovery Fund" designed to utilize private-sector funds and financed through the issuance of government-guaranteed recovery bonds. Another concept that should be considered is the introduction of a reconstruction tax, the burden of which would be broadly shared by all people.

### **III. Initiatives of the Corporate Sector and Keizai Doyukai**

Businesses will be required to play a major role in overcoming this unprecedented disaster. With this objective in mind, we the corporate executives of the 44 local Keizai Doyukai Institutions shall commit ourselves to further deepening our mutual cooperation and to pursuing the following initiatives throughout all stages of the response to the current crisis and the implementation of recovery and reconstruction plans aimed at a "new nation building."

#### **(1) Corporate Initiatives for Restoration**

More than a month has passed since the Great East Japan Earthquake, and restoration efforts are now underway in the disaster zone. However, large numbers of people continue to face very harsh conditions and are forced to bear the discomforts and difficulties of life in shelters. By making the greatest possible use of the resources available to them, there is much that businesses can do to alleviate this dire situation. We are committed to providing medium to long-term support and assistance to the victims of the disaster as they endeavor to rebuild their lives, including such initiatives as providing goods and services in support of the displaced, dispatching experts and volunteers, and making various facilities available for general use.

The greatest responsibility that must be borne by businesses is the maintenance of employment and the restarting of economic activities through the speedy restoration of offices and manufacturing facilities in the disaster-stricken areas. Numerous companies in the Tohoku and Kanto areas that manufacture key components and materials for the electronics and automotive industries have suffered heavy damages in this disaster. It must be called to mind that in many instances these manufacturers constitute core players in the supply chains of both domestic Japanese companies and companies overseas. With this in mind, we shall make the greatest possible effort to maintain Japan's industrial structure by speeding the recovery and reconstruction of the operations of these manufacturers.

Furthermore, we shall use our global business networks to gain a fuller understanding of the harmful effects of rumors and misinformation resulting from the excessive and sensationalist coverage of recent developments appearing in the foreign media. We shall share this information with the government and related organizations and shall provide our overseas partners and counterparties with accurate information with the aim of reinstating Japan's "brand" of safety and security that has been fostered over the years with care and attention.

## **(2) Initiatives of the Keizai Doyukai National Network for Restoration**

We share the awareness that businesses and managers, with their central position in all economic activities, have a critically important role to play in rehabilitating the Japanese economy as soon as possible. With this in mind, we are committed to making the greatest possible use of the nationwide networks of Keizai Doyukai to play a proactive role in recovery as the process of "new nation building."

To achieve this objective, we shall create an "Earthquake Recovery Subcommittee" under the Keizai Doyukai National Network Council for the Promotion of Regional Fiscal and Administrative Reforms, a joint undertaking of the 44 local Keizai Doyukai Institutions. This initiative shall be used to further deepen our mutual cooperation and to examine what can be done for the recovery effort from the perspective of businesses with deep roots in their respective communities and regions.