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Thierry asked me to join and to take part in part two of the Major Risks. The title of part two was, 'Myopia of States'. I thought 'Wow, that is good. Okay, maybe I can say something confessing my failure in my government as the Chief of Staff for the Hatoyama administration.'

First of all, I would like to take this opportunity to express our sincere gratitude and thanks to all of you who extended your help in our tragedy of the great earthquake and tsunami. Let us start with the great earthquakes, the tsunami, and the Fukushima nuclear power plant. I do not want to go into detail, but the government has no way to predict this kind of catastrophes. Two years ago, we had this kind of major risk discussion here at this conference and if I were the speaker then, I do not think I would touch on earthquakes or tsunamis as major risks. We did not have any kind of prediction about that, even though 2000 years ago, we had a similar earthquake and tsunami in almost the same region. Someone in academia can say that we should be prepared, but it is difficult to be prepared for that kind of natural disaster, an old tsunami and earthquake after 2000 years.

Actually, the government has proved unable to prevent this kind of catastrophe. With the Fukushima nuclear power plants, yes, there is some human error. We did not really prevent all of that kind of tsunamis and so on, but as Professor Beauvallet has explained about climate change, it is five metres high in this region. This time, the tsunami in Japan went up to at least 15 metres, in just a few hours, not in five years or 10 years or 20 years. That is not the pace. In just two hours after the earthquake, we had 15 to 20 metres high wall of water coming in. It overcame all the old areas in the river side area; it was completely covered by the water. That is it. That is the case. That's what happened. We lost about 19,000 lives, including missing persons. We had 400,000 houses lost and almost 400,000 people are still evacuated and have not yet gone back to their original residence. As we are struggling very hard, at least, I think, the Japanese economy has sprung back, including our automobile industries and so on. I think that we are now okay. We can say that we are doing well.

Japan's political economy is foreseeable in one way, but it is not predictable either. We are going to have eight prime ministers in seven years. I was the chief executive assistant to Prime Minister Hatoyama, at that time, the sixth Prime Minister, who lasted for only eight months, after which I had to resign as the chief. The big changes going on are generational changes in Japanese politics. The baby boomers are now retired and the post baby boomers are now in power. In that sense, they do not have memories of the Second World War, where there is some kind of aspiration for peace keeping. Rather, they are looking at a completely new thing, I think.

Growing nationalism is now emerging after the great earthquake and tsunami. The alliance with the United States is growing stronger, because of some of the territorial issues and the Trans-Pacific Partnership Agreement. Many of the politicians and political scientists argue that the old politics is coming back to the politicians, the bureaucratic release of powers should take this lead. With regard to the exchange rate, well, with the inflation rate target, I think the Japanese yen is going to struggle to be depreciated against the euro and against the US dollar.

That is Japan. Why did Hatoyama fail in some ways to manage the government? One reason is no strong leadership in politics worldwide. That is a worldwide phenomenon. There is no way to create a sustainable majority. Hatoyama, in his starting period, had around 80% of the popular support. At the end, after about eight months, because he had made mistakes in communicating with public and so on, it went down to 25%. It is similar to almost all of the new leaders coming in after the election or something. Abe, an LDP leader, is going to get about 65% popular support, but we do not know how long that will be sustained for.

It seems no clear consensus about eurozone in Europe. The media is not taking a role in creating consensus. For example, we read newspapers in Japan, mainly the Financial Times, the Wall Street Journal, the New York Times, and so on. All of the discussion about the eurozone is so pessimistic. We do not hear much about the solidarity or what is going on, what kind of effort is made among eurozone people. That is a case, an adamant case of taking a role to



sharpen the differences. Many people cannot understand what is the real or the major opinion in this one area to another. I came up here to listen to all the people including Mario Monti so that, I could get kind of perception and some kind of confidence from them. We cannot get that through the media or through the Internet. Now, like a Republican in the United States, they do not see any compromise. There is no compromise. The slogan of the Republicans Tea Party was "kill Obama". Is that the role that politics should play in that region? It is a very big question. Business is not interested in government or administration or politics any longer.

The next issue is democracy versus the media on the Internet. The four companies Apple, Google, Amazon and Facebook, are the most successful companies in the United States, not only in the Internet area, but including manufacturing companies, energy, and so on. These are using so-called search engines and providing personalized custom-made information via the Internet. They are not creating any kind of consensus among them, where they are always giving you a personalized view. 'Oh, you like this book maybe, since you bought that one. You may like to buy this kind of stuff, because you already bought something else. It is all of this kind of really divided, personal tendency that is changing society from the citizen, or the citizenship mind, to consumer, or a purer consumer side and from collectives to individuals in those companies that are mainly in San Jose in California. They do not have any contact with Washington DC. That is not an East Coast company. The media, the social networking service (SNS), and the public really hate technical and conceptual terms that are so difficult, so complicated. New things have authority; they do not. The public wants participation and disclosure of information. They want to know whether they are really getting all that information volume. Among existing media, it is really getting difficult to establish successful business models. Almost all of the newspapers are now in the red; they are not making money. That is such a big issue that there are so many so-called academics, journalists, columnists, critics, commentators, etc. You can just create your own blog or create something. There may be so many followers.

This is creating a new political sphere, at least in Japan. I think it is the same thing in the United States. People in politics or show business should be tough enough to face criticism, always. If you are sensitive to that kind of criticism, you had better to resign immediately and announce that you are going to resign. Those people who are very much tough enough, they can survive. The Internet itself is aiming at consumers, not citizens, as I said. Individuals prefer, whether they like it or not, as they click on Facebook. In that kind of networks, you say "I like it", but you never say "You should not". That is not a word; that is completely lost. You need to do something that you do not often see. Mainly, you say 'Like it or not, that is it.' Almost all of the manufacturing companies, consumer products, and so on, are following this kind of Internet or the SNS or the Internet. Media has lost the ability to collect its own information. They are also searching on the Internet and looking on Google, joining in SNS, to find any good news and finally making some kind of confirmation and bringing it to the media. That is it. There is no really creative information among the media. Maybe I am too much criticising the media. When you are in the government and approached by the media people, sometimes you have a feeling like that.

The Internet is not creating community. 'Majority rule' does not really work. If you say that the majority of people are likely to go this direction, individuals can say, 'No, I do not. I do not want to go that direction.' Politics with a certain compromise under the majority rules sometimes does not work. It is very difficult to give my impression. Further, it is about the consumer democracy and disclosure transparency of information. The important point is self-determination and self-responsibility. They say that when they have all the information, enough information to make a decision, then, they will take their own responsibility. They always praise that. Well, because of the lack of information, I could not make such self-determination in as proper a manner as I should, or, in that sense, I am not going to take the responsibility. I am not responsible for that. In many cases, it happens with some kind of enforcement of the policies in a country.

Where is society going? This is something I like to define as a major risk in the world right now. You can point out a lot of predicable risks, but the important thing is that we are moving toward the Internet-based society, I do not know how to tackle, there is fragmentation and individualization of society. How can you make society attractive? That is the big issue and it is our task to discuss it. The society is moving from the mass media, broadcasting based to, the Internet communication based. There are new waves including diversified mass media, such as radio channels, mean that, I do not know so much about Europe, but in the United States and in Japan, there are so many licensed radio channels. You have very much an identified and categorized channel, just providing you with classic music, jazz, country music, African music and so on, and always suggested debates and songs. Those are narrowly categorized. It is something



like the Internet already. Radio is having a significant impact on popular opinion. I do not know how to tackle that kind of move from now on.

Anti-globalization is another issue that I am very much worried about. It deemphasizes 'public goods'. Well, I have to tell to you that, although the global climate issue is very important to Japan; the Fukushima nuclear power plant case was a big catastrophe and created significant change in the public opinion of Japan. Almost all of the people who are very much pro-environmental went anti-nuclear. However, anti-nuclear means that you have to use, in a certain period, conventional energy in order to supplement the lack of nuclear energy. As such, we have a huge surge in importation of natural gas in Japan. That has created the first trade deficit in 60 years. When we are prioritizing anti-nuclear, let us not forget or put aside or put less priority on the global environment, that the global climate is warming, because we must consume natural gas and conventional energy. I do not know. When we could not come back, to follow the French model, I do not know whether we must continue to use and consume conventional energy in the long term. Renewable energy is a good choice. However, it is not the really big factor. Maybe it can constitute 5-10% of total energy consumption or so, it cannot play a major role, like 40% of total energy consumption.

Nationalism, well, Joseph Nye, the professor from Harvard, is saying that the nationalism emerging in Japan is a reflection of an awareness of Japan's weakness, or the weakening Japan. Maybe he is right, but, at the same time, many people are inward looking after such a huge catastrophe. I cannot really blame them for that. People will come back to rebalance.

The last issue is the lack of the bondage and no assuring of risk and burdens. Well, you always need to compromise or something. You must share certain risks, not just after the risk, but preparing for the risks. At the same time, you must share some kind of damage that came from the risk, or even the risk itself. You must have insurance is one thing, of course. As always, social compensation is another thing. However, many people, as I said, like to go back to individuals not sharing burdens. That is the issue. I feel that these are really some of the major issues. That is it. Thank you very much for listening.