

Chapter 12

Systems Established for Reconstruction After the Great East Japan Earthquake, and the Current Situation on the Ground

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This chapter offers the insight of disaster reconstruction in Japan from the point of view of a government agency working between policy, planning, and implementation. The chief frame of reference is the earthquake and following tsunami that struck the northern coast of Japan on March 11, 2011. At a magnitude of 9.0 the scale of the Great East Japan Earthquake was unprecedented for modern Japan, firstly as an earthquake and secondly for the sheer breadth of devastation that resulted from the ensuing tsunami. Some 500 km of coastline was affected. The government response to the ensuing challenges was necessarily of a large scale and also innovative in many ways. Planning for reconstruction was purposefully shifted from the more typical centralized and top-down approach of Japan to a local and community based approach. The intent was to build flexibility and awareness of the local situation into the decision making process in order to take better decisions more quickly. Similarly the Reconstruction Agency was created to bridge across multiple government bodies in order to provide a one-stop contact point, where communities and other groups could go to resolve problems and undertake reconstruction efforts without the need for multiple visits to multiple agencies. The new agency is emblematic of a kind of government that works to understand local needs better and that enables communities to act in their best interests as a result of being better informed.

From the editors

This article is particularly of its time. Written as it is in the fall of 2013 it is intended to highlight the state of Japan some two and a half years after one of the largest natural disasters to strike a nation in recent history. It is not intended to be read as an analysis made after some years have passed. Rather it shows the ambitions,

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hopes, and concerns that the government had for its reconstruction efforts as they were being planned and carried out. As such is a very important and useful record.

The Great East Japan Earthquake which struck in March 2011 was an extensive disaster. The main area hit by the event covered an area stretching 500 km from north to south and included three Tohoku prefectures. Many other parts of the country also felt the effect of the earthquake if not the tsunami, but the impact was without any question, felt by the entire nation.

The Japanese government implemented novel and diverse measures to respond to this unprecedented scale of disaster, including the establishment of the Reconstruction Agency as a one-stop contact center. The Agency integrates measures across different governmental agencies to respond to requests from local governments and provide them with assistance in an integrated manner. The measures include a system of Special Zones for Reconstruction, aiming to introduce special measures to the affected area such as tax breaks and relaxed requirements in regulations and procedures, and special grants for reconstruction to integrate town rebuilding efforts by local governments, allowing them to undertake their own reconstruction efforts virtually without bearing expenses. In addition, learning from disaster response experience in the past, the government promptly leased private rental accommodations for the evacuees without awaiting the completion of temporary housing so that they could swiftly put their lives back in order.

As a result, more than 99% of the evacuees, who had numbered about 470,000 immediately after the earthquake, were able to move from shelters to housing within the span of 6 months. In spring of 2014 the number of households living in private rental accommodations was larger than the number living in temporary buildings constructed after the disaster. With regards to businesses, in contrast to reconstruction measures for disaster-stricken companies in the past, which only provided special loan programs and credit guarantee systems, in this case a variety of additional systems were provided. These included free maintenance and free lending of temporary shops and factories; group subsidies that provide up to 75% of facility and equipment costs needed for business reconstruction; and a double loan relief system under which a government agency takes over debts owed by companies before the disaster. Moreover, an easy-to-use system for small and midsize companies was introduced by local governments. To finance these measures, the national government provided drawdown reconstruction funds that could be requested for unspecified purposes.

While these systems were put into place, it is expected that the real measures for reconstruction will take the form of long-term efforts. One major reason is that the biggest damage was caused by coastline subsidence due to the earthquake and the tsunami that followed. Based on the fact that the affected area along the Sanriku Coast and other regions were historically and frequently affected by tsunamis, the ground is being raised along the coastlines and residential zones were being transferred to higher ground inland in town rebuilding efforts.

The cost to raise commercial land and develop residential zones on higher ground inland from the coast was and is borne by the national government in the form of grants to local governments. However, collecting local residents' opinions

and purchasing building sites is essential and a prerequisite before proceeding with actual projects. Even if change is not apparent in the affected area since the disaster constant efforts are being made under the surface to build a consensus. It is only natural that it should take a long time to make serious decisions that may determine the future course of life of each one of the affected people—all of whom differ in age, occupation, income and background.

On the other hand, the long suspension of normal business may lead to terminations of contracts and other problems, making it harder to rebuild businesses. In view of this, the government started to build and provide temporary shops and factories for affected enterprises. This was done using public funds in advance of full-scale community building programs. In addition, a new reconstruction subsidy system was established for businesses that could quickly restore business with full-scale facilities. This subsidy system allowed enterprises to collaborate with partners, including their clients, to form a group, and develop a business plan aimed at becoming more robust than before the disaster. Applicants could receive funds from the national and prefectural governments that subsidize up to 75% of the capital expenditure. In this regard at least 3400 zones of temporary buildings have been developed and a reconstruction subsidy was granted to more than 9200 people within 2 years of the disaster.

It is important to underline that these administrative measures for restoration and reconstruction were provided purely for the purpose of giving assistance to local businesses, not for the authorities to run businesses themselves. Unless market economy principles are fully in effect, local businesses will neither be able to gain market shares in other regions in Japan nor overseas, nor will they become winners among competitors in their respective sectors. Now is the time for local businesses, trade associations (including fishermen's cooperatives, tourism associations, commerce and industry associations and the local chambers of commerce and industry), and local governments to make concerted efforts focusing on market expansion, improving product development capacity and promoting the attractions of the region. The period when the general public gives attention to the region simply because it is a disaster-stricken region devastated by the earthquake is approaching the end. In fact, the affected area currently receives funds about three times the annual budget of the Small and Medium Enterprise Agency, an agency that develops national policies concerning 4.2 million businesses nationwide. It is not clear until when this kind of special treatment can be continued. Meanwhile, some companies that made aggressive capital investments and resumed business immediately after the disaster have increased sales compared to pre-disaster periods. Other companies that actively sought assistance from other regions in Japan and developed their business based on the new connections have succeeded in getting their businesses on track. Local businesses should not depend entirely on the assistance provided by the government and from other regions. Based on the principle of independent management and self-determination, they must obtain the know-how needed to get through this crisis and to move forward.

The Reconstruction Headquarters in Response to the Great East Japan Earthquake, the predecessor of the Reconstruction Agency, was created in June

2011. This took place after evacuee assistance efforts required in the immediate aftermath of the disaster met their general goal, and the Basic Act on Reconstruction was implemented. To give some background to the process, firstly staff of ministries and agencies assigned to this task came together to create the secretariat of the Reconstruction Design Council (RDC 2011a). They drew an overall picture of reconstruction, developed the Basic Guidelines for Reconstruction (RDC 2011b), made budgets for reconstruction, and wrote relevant laws and regulations based on their policies. As a prompt response was required to deal with situations and problems that were changing on a daily basis in the affected area, no departments or sections were created in the headquarters. Senior officials, including the director-general (administrative vice minister level), directors (bureau chief level) and counselors (section chief level) did not have fixed positions, which made it possible for them to organize a new team in a flexible manner and deal with new tasks as soon as they surfaced. Their subordinates, who were non-managerial staff, also reported to different managers following oral appointments, changing their desks almost each month, which brought a high level of flexibility to the organization.

Close cooperation amongst ministries was essential to their task, including cooperation with the Ministry of Finance, the Ministry of Internal Affairs and Communications (on reconstruction funds), the Ministry of Land, Infrastructure, Transport and Tourism (on town building), the Ministry of Economy, Trade and Industry and the Ministry of Agriculture, Forestry and Fisheries (on occupation restoration). The staff from the various ministries and agencies assigned to the headquarters responded promptly whenever cooperation was required through their personal connections with their original places of work. In addition, since the Reconstruction Headquarters in Response to the Great East Japan Earthquake consisted only of a few dozen staff, it was easy to share information on each ministry's situation and ask the top of the organization, the Head of Reconstruction Headquarters, to make a decision. As a result, they could implement new measures at speed, which was unprecedented in any other administrative organization in Japan at the time.

The Reconstruction Agency, created in February 2012, was composed of diverse human resources from the beginning, including staff from private companies, local governments and NPOs assigned to the same workplaces where the existing staff from ministries had been assigned. Although it was a hastily formed and motley group, the fact that they had a clear purpose, (reconstruction), and a clear field (the affected area) led to a cohesive organization and made information on the affected area easier to collect.

To give an example, assistance to the seafood processing industry on the Sanriku Coast involved not only the local governments providing information on the fishery operators and the Fisheries Agency subsidizing the project. It also involved other diverse measures and groups including subsidy projects provided by the Small and Medium Enterprise Agency, grants for town rebuilding projects, market development efforts aided by private company employees, staffing in cooperation with the local governments, and disaster victim care services provided by NPOs. These

organically linked participants brought about good results more effectively as a team than they would working without some understanding of the total picture. The more complicated a problem in the field is, the more it can benefit from the know-how accumulated in the group.

The Reconstruction Agency, unlike other ministries and agencies, was organized with 11 local bureaus in the affected area in addition to its main office in Tokyo, each of which was given the authority to develop its own measures. To give an example of this arrangement in practice, the Miyagi Regional Bureau of Reconstruction, located in Sendai, developed its own response measures based on “*ties between the affected area and other regions*”. This is different from the more conventional tools of “*budgets, taxes and regulations*” used by central government ministries and agencies. As a more detailed example, staff assigned from private companies succeeded in matching local fishery operators with companies in other regions as part of the reconstruction effort (RCA 2012).

A phenomenon unique to post-disaster recovery is that, as more and more attractive administrative measures are provided, people tend to alternate between strong optimism and strong pessimism, after each temporary assistance measure is disclosed. However, what we really should evaluate is not how to undertake a simple temporary recovery. Instead we need to look at how systems and institutions are developed that could allow us to address regional revitalization on a continuous basis. The word “reconstruction” can only take root in the real world after the regional economy finds independence. The affected area of this earthquake does not have a natural large-scale market, which makes it difficult to attract major financial investors. On the other hand, this is the kind of area to which new value can be added through cooperation with diverse players such as local banks, credit banks, credit unions and NPOs. In the case of the latter group, the number of NPOs in the three prefectures in the Tohoku region multiplied three times since before the disaster. The number of new corporations created in the coastal region has exceeded 1000. I believe a fundamental picture needs to be created for the future of Japanese society and especially for the thinly populated communities, where each individual or company plays multiple roles. The idea is that they would employ these new approaches as a driving force to revitalize the region and create a small market with a large impact.

New connections and businesses can be created, and a variety of resources (including public and private assistance measures) can be used, when diverse players such as enterprises, NPOs and local governments aim to accomplish one common goal. For example, a shopping mall in Otsuchi Town in Iwate Prefecture, which was hit by the tsunami and buried under rubble was rebuilt using government subsidies and debt factoring. These assistance measures made it possible to reduce store rents in the mall, which in turn made it possible for local stores swept away by the tsunami to move in. As a result, there are more stores than before the disaster, creating a place where local people can gather. Following on this early effort a town hall office and a bus stop were, creating a center for the town reconstruction effort.

Similarly, the city of Ishinomaki in Miyagi Prefecture gives assistance for business reconstruction to skilled hairdressers who lost their salons in the tsunami

by giving assistance to entrepreneurs as well as using funds from a private foundation. A franchise system was formed to establish salons for hairdressers. Building on this, hairdressers and nursery school teachers were assigned to each salon, which was accordingly equipped with a children's playroom to help women return to work.

The Reconstruction Agency compiled constructive reconstruction examples like these into a collection of case studies (RCA 2013a). Our intention is that people can consult this collection as a reference and prescription to show how to utilize a variety of regional resources. The hope is that this kind of reading will lead to further successful cases in reconstruction. In addition, we send an e-mail newsletter (RCA 2013b) to companies and local public entities working on reconstruction of the affected area. The content include disaster-related information shared by the Reconstruction Agency and other ministries and agencies, as well as information on progressive approaches adopted by companies and local public associations in the affected area. We believe the national government should function as a hub that links many different players as well as provide conventional resources such as budgets, taxes and regulations. While currently the government plays a central role in providing information and assistance, we hope local public associations and local associations of commerce and industry will eventually take over that role. The reason for this is that we believe that basically only the region itself can work out what is best for it. Each region has different needs, and the requirements to meet their distinct needs are determined on a case-by-case basis. Each region should think about its own affairs since there is no prescription that can deal with the affected area as a whole.

The Reconstruction Agency, the Ministry of Internal Affairs and Communications, the National Governors' Association, the National Association of Towns and Villages and other relevant organizations each have secured a budget and staff to provide manpower to affected municipalities to improve reconstruction efforts in each area. The Japan Association of Corporate Executives, NPO corporations and other organizations also provide human resources to affected companies and organizations. It may be possible to expand these currently discrete activities into wide-area activities if these projects for public and private disaster-relief mobilization of human resources can be developed into a public-private alliance. This type of network-based reconstruction was also discussed and identified as an agenda that needs to be addressed at a meeting of the Reconstruction Promotion Committee, an expert committee established under the Act for Establishment of the Reconstruction Agency (RCA 2013c).

We need to create a society in which the public administration and communities are no longer working in the business-as-usual situation. This is important if people are to be less easily influenced by stereotypical assumptions and news reports. It is also important if everyone is to receive and correctly act upon direct information about the actual situation on the ground, including primary information from the government. We should not consider this ambition only in terms of temporary events such as disaster reconstruction. We must closely analyze social problems, consider them as our own, and take action to address the issues in a constructive

way in cooperation with many groups. I believe that taking action in this way is our mission as major players in the next generation.

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