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Tokyo Shimbun's Devastating Critique of Fukushima Compensation Bill 東京新聞社説「東電賠償案 株主責任はどうする」

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Asia-Pacific Journal Feature

On July 27, Tokyo Shimbun, a leading critic of the Japanese government's approach to the Fukushima nuclear crisis, ran an editorial which lays bare the many contradictions and problems of the compensation bill currently under discussion. The editors accuse the government of supporitng vested interests at the expense of taxpayers and protecting TEPCO in ways that may make alternative energy strategies impossible.

Below is the Asia-Pacific Journal's translation of the editorial.

TEPCO Compensation Bill - What about Shareholder Responsibility?

Both Japan's ruling party and the opposition have agreed on a revised draft of the TEPCO Fukushima Daiichi nuclear accident compensation bill [formally known as the Nuclear Power Damage Compensation Support Bill]. The revised draft will not only not go after stockholders and financial institutions, but incorporates the idea of pouring in tax dollars. The burden borne by ordinary citizens has just gotten heavier.

With the sale of cattle fed with straw contaminated with radioactive cesium banned in various areas, the damage caused by the nuclear accident is only getting worse. If we consider the necessity of a huge settlement, it is clear that TEPCO's liabilities are far greater than it is worth.

In light of the principles of corporations, the burden of the disposal of TEPCO, which is in a state of collapse, must be borne by management and employees and next by stockholders and financial institutions. However, from the beginning, this bill has not sought 100% capital reduction for TEPCO, nor has it demanded that banks forgive the company's debts.

When we examine the revised bill that the government – the Democratic Party, the Liberal Democratic Party, and the Komeito – have agreed on, in the end there is really nothing devoted to the central problems of shareholder responsibility and the lender responsibility of banks.

There is a minor provision that reads "The [newly established] support mechanism. . . must confirm whether the requests for cooperation by those in the nuclear energy business to the parties concerned are appropriate or adequate" but this is only a formality. It has no meaning in reality.

Because of this, what was originally thought to be a burden amounting to five trillion yen for shareholders and banks will ultimately be placed directly on the shoulders of ordinary citizens in the form of electricity price hikes.

That's not all.

The original plan was that a newly established compensation organ/mechanism would be supported with an issuance of official bonds which TEPCO would turn to cash as necessary, with money paid out over a long period, but the revised bill now says that "the country can provide the capital for the compensation organ/mechanism." In other words, it's our taxes.

With this, no matter what financial trouble TEPCO falls into from now on, cash from official bonds and even direct infusions of tax money will allow them to stay on their feet. It is as though they have secured life-support equipment that can never fail.

Within the Liberal Democratic Party some are praising the new plan saying, "The current measure is a temporary one and in the future we can enter a second stage where TEPCO can be placed in bankruptcy liquidation." This is because, with a supplementary provision, the bill technically allows for future reconsideration, but this as well is nothing more than a formality.

The reason why the bill ended up this way is because TEPCO, Kasumigaseki (the bureaucratic elite), and financial institutions with a stake, all of which only want to protect vested interests, had already seen that the Kan government is weak. The Liberal Democrats and Komeito also have to bear responsibility for allowing a

deal that tramples the basis of free market principles.

If TEPCO's regional monopoly is allowed to continue, new power companies will not be able to move in and the Kan government's call for support for renewable energy will only ring hollow.

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