

# Japan Earthquake: Global Implications

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## Abstracts

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### A Country In Crisis

#### The Worst Disaster Since World War II

Japanese Prime Minister Naoto Kan has described the March 11 devastating earthquake and its aftermath as the country's worst disaster since World War II. Indeed, it is likely that the latest quake will surpass the Great Hanshin Earthquake of January 1995 in terms of lives lost and damages incurred. Though several questions remain unresolved, including the scale and scope of a potential nuclear disaster, we have some thoughts on the main implications of the Tohoku earthquake. These range from the disruption to Japanese economic growth and markets, to the impact on commodity prices and the infrastructure sector.

A Tragic Human Toll: First and foremost, the human toll is severe. At least 6,000 people are known to have died and many thousands are still missing. Local authorities believe that the final toll could exceed 10,000, which would be greater than the 6,400 killed in the Kobe (Hanshin) quake of 1995. While the human toll is disastrous, the relatively positive news, if there is any, is that Japan is better placed than many other disasterprone countries to respond to the crisis. It has decades of experience with quakes, and considerable wealth as the world's third largest economy. Japan's social cohesion should help it withstand disaster of this magnitude better than many other countries, and there are no reports of a breakdown of public order in the affected areas.

Nonetheless, the Japanese authorities will be tested to the limits. On the political front, Prime Minister Kan may win a temporary political reprieve as he leads the national crisis response. Prior to the quake, Kan's exit had seemed imminent. A swift and decisive

response could win him plaudits, and indeed, he has already mobilised 100,000 troops—40% of Japan's military—for rescue operations. By comparison, the government's response to the 1995 Kobe quake was deemed slow and hamstrung by bureaucracy. Meanwhile, the participation of China and South Korea in the rescue efforts should boost goodwill between Japan and its neighbours, especially China. Bilateral relations have been strained by territorial disputes, which re-emerged in 2010.

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