

## Commentary on the Council on Economic and Fiscal Policy (April 27, 2026)

### “Regional Socio-Economic Construction” and “Enhancement of Human Resource Capabilities”

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#### (Executive Summary)

- Strategies were presented to address population decline and aging infrastructure through both “earning power” and “social foundations.” Key points include: ① Strong Regional Economies: Promoting cross-prefectural collaboration, enhancing local industry value, and reforming land/agricultural regulations. ② Sustainable Foundations: Prioritizing infrastructure based on future population data and improving administrative efficiency through “AX” (AI Transformation). ③ Public Works Evaluation: Updating the evaluation framework, including timely reviews of the social discount rate.
  - Proposals focused on rebuilding education and labor markets for an AI-integrated society. Key points include: ① Educational OS Shift: Moving from memorization to “Inquiry-Based Learning” to foster “origination skills” and “meta-skills.” ② Full Participation: Utilizing physical AI and robots to offset labor shortages, enforcing “equal pay for equal work,” and increasing labor liquidity through reskilling support.
  - I propose “Reforms Without Sanctuaries” in three areas for Japan’s sustainable growth: ① Agricultural Reform: Abolishing corporate land ownership restrictions and shifting from production quotas to direct subsidies. ② Public Works Reform: Reducing the social discount rate from 4% to approximately 2% to correctly value future benefits. ③ Labor Market Reform: Promoting a selective 4-day work week and abolishing mandatory retirement to realize a “Lifelong Active Society.”
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## 1. Introduction

During the Council on Economic and Fiscal Policy held on April 27, 2026, private-sector members presented proposals on two vital themes: “Regional Socio-Economic Construction” in a shrinking society and “Enhancement of Human Resource Capabilities” in the AI era. This report introduces these discussions based on the submitted papers.

## 2. Construction of a Sustainable Regional Socio-Economy

To realize the Takaichi Cabinet’s vision of “Strong and Prosperous Japanese Archipelago,” strategies were shown to overcome population decline and aging infrastructure.

- **Building Strong Regional Economies:** Three proposals were made: accelerating cross-prefectural collaboration between governments, companies, and universities ; introducing new technologies to local industries to increase value-added ; and reforming land regulations to allow for agricultural land consolidation.
- **Sustainable Social Foundations:** Key proposals included prioritizing infrastructure maintenance based on future population projections ; refreshing public works evaluations by including diverse economic effects and reviewing social discount rates ; and promoting “AX” (AI Transformation) to radically reform administrative services.

## 3. Strengthening Human Capital for an AI-Driven Society

Proposals were made to fundamentally rebuild Japan’s educational system and labor market based on the premise of AI permeating society.

- **Transitioning the “Educational OS”:** For primary and secondary education, the focus should shift from memorization to “Inquiry-Based Learning” to develop “origination skills” (the ability to ask one’s own questions) and “meta-skills” (learning how to learn). Higher education must also adapt to the shrinking 18-year-old population through functional enhancement and organizational resizing.
  - **A Society for Active Participation of All Personnel:** Proposals included using physical AI and robots to compensate for reduced labor input ; eliminating irrational wage gaps by enforcing “equal pay for equal work” ; and facilitating labor mobility toward high-productivity companies through reskilling and improved safety nets.
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#### 4. Author's Opinion

I proposed three specific areas for "Reforms Without Sanctuaries" to ensure Japan's long-term growth:

① **Radical Transformation of Agriculture:** I identified current regulations as "growth-inhibiting factors". I proposed:

- **Abolishing Land Acquisition Restrictions:** Allowing corporations to purchase land to encourage stable, large-scale management.
- **Ending Production Adjustment (Gen-tan) Policies:** Shifting to direct income compensation for farmers to strengthen food security and export competitiveness.
- **Correcting the JA (Agricultural Cooperatives) Monopoly:** Scaling the "Yabu City Special Zone" model nationwide to transform agriculture into a modern growth industry.

② **Modernizing Public Works Evaluation:** To correctly value benefits for future generations, I requested two changes to the "Social Discount Rate":

- **Lowering the Rate:** Reducing it from the current 4% to approximately 2%, closer to international standards, to avoid underestimating future benefits.
- **Evaluating Non-Monetary Value:** Properly assessing effects that cannot be converted to currency to improve accountability and transparency.

③ **Realizing a "Lifelong Active Society":** To address severe labor shortages, I proposed three labor market reforms:

- **Promoting Selective 4-Day Work Weeks:** To encourage regular employment for non-regular workers and provide time for reskilling.
- **Abolishing Mandatory Retirement:** Replacing age-based forced exits with a "job-based" employment system to prevent the loss of skilled talent.
- **Social Security Stabilization:** Moving to an economy that evaluates people by ability rather than age, which will stabilize fiscal resources and reduce the burden on younger generations.

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