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# OUR RESEARCH PROGRAMS

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July 2023



THE TOKYO FOUNDATION  
FOR POLICY RESEARCH

## OUR RESEARCH PROGRAMS

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## Message from the CEO



Yuichiro Anzai

CEO, Tokyo Foundation  
for Policy Research

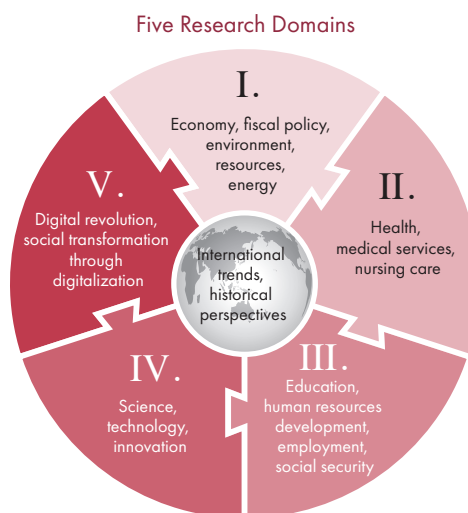
To better meet the challenges of the seismic shifts occurring in society, both at home and abroad, Japan needs to quickly revamp its postwar political, economic, and social systems to give individuals greater freedom to choose their own paths in life, pursue a fuller role in society, have a bigger say in government decisions, and actively participate in the preservation of peace.

Achieving these goals at a time of sweeping change requires an innovative think tank to research and implement new ideas unfettered by the conventions and practices of the postwar years. In October 2021, the Tokyo Foundation for Policy Research transitioned to a restructured system of policy research to analyze issues and identify solutions in innovative, new ways.

Such a policy innovator can no longer rely on the “convoy system” that helped guide Japan’s postwar growth but must articulate the needs of independent-minded individuals and undertake research that can enrich people’s lives and society, revive Japan’s dynamism, and help preserve peace, while at the same time keeping an eye on historical precedents and international trends.

Our experts are now conducting policy research in the following five domains:

- Economy, fiscal policy, environment, resources, and energy
- Health, medical services, and nursing care
- Education, human resources development, employment, and social security
- Science, technology, and innovation
- Digital revolution and social transformation through digitalization.



This publication ([https://www.tokyofoundation.org/news/detail.php?news\\_id=2387](https://www.tokyofoundation.org/news/detail.php?news_id=2387)) introduces the approximately 30 research programs currently underway (as of July 2023) at the Tokyo Foundation for Policy Research and the research fellows engaged in those programs.

Our restructured system of policy research has only just begun, and many aspects of the new setup are still in their formative stages. We have come a long way, though, since our founding in 1997 as the Global Foundation for Research and Scholarship, and we look forward to working with and sharing our insights with all our stakeholders in the months and years ahead.

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## Developing Sustainable and Resilient Health, Nursing, and Long-Term Care Systems in the Post-COVID Era

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In the midst of the COVID-19 pandemic, the failure of existing systems has been revealed in many ways. Japan has enjoyed excellent health indicators, including the world's longest life expectancy, since the 1980s, but in recent years, the sustainability of its health, nursing, and long-term care systems is under threat due to low fertility, population aging, growing burden from non-communicable disease, rising medical and long-term care costs, and political and economic uncertainties. In order to tackle these issues, there is an urgent need for reform efforts to employ a data-driven approach and to propose policy changes on the basis of scientific monitoring and evaluation. In the fields of health, nursing, and long-term care systems, personalization and precision care are under way, and the influence of glo-

balization is inevitable. Simultaneously, in the future, Japanese society where "autonomy, decentralization, and collaboration" will be essential, local governments and the business sector would be required to employ a comprehensive and systematic assessment of policy proposals for outcome-oriented decision-making. In this research, we will make policy proposals and recommendations that contribute to the transformation of health, nursing, and long-term care systems from the perspectives of health metrics, resilience, innovation, and global health and to the development of future policy-oriented leaders.

### Principal Investigator



**Kenji Shibuya**  
RESEARCH DIRECTOR

### Co-Investigators



**Shuhei Nomura**  
SENIOR FELLOW



**Kohei Onozaki**  
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**Haruka Sakamoto**  
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**Kiyosu Taniguchi**  
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(alphabetical order)

## Using Health Metrics to Monitor and Evaluate the Impact of Health Policies

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In recent years, the sustainability of Japan's health, nursing, and long-term care systems is under threat due to low fertility, population aging, growing burden from non-communicable disease, rising medical and long-term care costs, and political and economic uncertainties. In order to tackle these issues, there is an urgent need for reform efforts to employ a data-driven approach using comprehensive population health metrics and to propose policy changes on the basis of scientific monitoring and evaluation. The future system of "community-oriented health care that enhances the value of patients by focusing on outcomes," presented in Health Care 2035, requires empirical, policy-oriented research in order to tackle major health policy challenges. The COVID-19 pandemic has also confounded

health and long-term care needs and their provision systems. In close collaboration with other sub-theme research units, this study will establish a monitoring and evaluation framework; contribute to the transformation of health, nursing, and long-term care systems in Japan; and make effective policy proposals and recommendations.

### Principal Investigator



**Shuhei Nomura**  
SENIOR FELLOW

### Co-Investigators



**Takuhiro Moromizato**  
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**Erika Ota**  
RESEARCH DIRECTOR



**Md. Mizanur Rahman**  
SENIOR FELLOW



**Takahiro Tabuchi**  
SENIOR FELLOW



**Daisuke Yoneoka**  
SENIOR FELLOW

## Health System Innovation in the Post-COVID Era

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### Principal Investigator



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### Co-Investigators



Takanori Fujita  
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Mitsuru Mukaigawara  
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SENIOR FELLOW

Health care system reforms have been often discussed in a short-sighted and patchwork manner, which has exacerbated system failures. However, reform without a vision does not open up future prospects and may not facilitate a national debate that is essential for major reforms. In particular, In the midst of the global COVID-19 pandemic, the failure of the existing health and social systems has been revealed in many ways. It exposed the fundamental challenges and inequalities in the health, nursing, and long-term care systems. On the other hand, digital transformation has advanced various system innovations, enabling scientific knowledge to be immediately shared across the world. In response to these trends, new solutions and business models are being proposed and tested globally. The present research

will present a future vision of system innovation in the fields of health, nursing, and long-term care systems, and make policy proposals and recommendations that contribute to the system transformations.

## Rethinking Global Health Policy in the Post-COVID Era

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### Principal Investigator



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Japan has considered global health as an essential element of "human security" and one of its diplomatic strategies. However, global health is facing a major transformation due to the COVID-19 pandemic. In particular, the division of multilateral cooperation and unscientific responses, which reflected the global political sentiment, accelerated the worsening of the pandemic and exposed the fundamental governance challenges in global health. Furthermore, with the decline in the WHO's financial and political capacity, the influence of public-private partnerships, private foundations, and, in recent years, the private sector has increased. Global health is no longer a traditional public health matter but should be interdisciplinary and cross-cutting in close collaboration with related fields, such as na-

tional security, fiscal policy, economic policy, and science and technology. The objectives of this study are three-fold: (1) to make policy recommendations for Japan's global health strategy from the perspectives of public-private partnerships, innovative technologies, and impact investment; (2) to enhance Japan's domestic health sector reform through learning from system innovations in developing countries; and (3) to develop future leaders in global health policy.

## Establishing Health System Resilience to Tackle the Health Security Crisis

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### Principal Investigator



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Masaharu Tsubokura  
RESEARCH DIRECTOR

In recent years, the term “resilience” has been defined as “the ability to adapt, bounce, and survive stress from the external environment and forces,” which is applicable to both individuals and organizations. It is receiving widespread attention. The COVID-19 pandemic has revealed fundamental system failures at the national level, demonstrating the need for local governments and the business sector to transform themselves into resilient and sustainable systems. In the present research, we employ “human security,” that is, “protecting the vital core of all human lives in a way that enhances human freedoms, fulfilment, and capabilities” as a basic concept; examine the health crisis that threatens “human security” using an interdisciplinary and systematic approach; and establish a policy framework for re-

silient health and social systems.

## The Impact of Quality of Education on Children’s Cognitive and Noncognitive Skills

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### Principal Investigator



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### Co-Investigators



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Shintaro Yamaguchi  
RESEARCH DIRECTOR

Although evidence-based policy making (EBPM) is the standard in US and European countries, Japan lags behind, especially in the fields of education. In this study, researchers will closely work with policy makers from central and local governments, international organizations, and other stakeholders and conduct the rigorous impact evaluations of education policies. Through this research project, we seek to create concrete examples of EBPM in education and promote EBPM in Japan.

## Future Vision for Sustainable Water Management

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In this research project, we aim to articulate a future vision for water in a broader, social context, focusing on such issues as water and regional revitalization, water and sustainable development, and the passing on of Japan's abundant water resources to future generations. Further, we will clarify and prioritize the risks associated with water in Japan that are currently overlooked and will publicize policy briefs to the national government, local governments, politicians, and companies addressing the long-term efforts needed to manage the risks.

Through expert hearings and hybrid symposiums, we will articulate a vision for Japan's sustainable management of water in 2050 and 2100 and at the same time conduct literature surveys, aggregate statistical information, conduct on-site reconnaissance,

and investigate issues of concern toward its realization, using numerical simulations, if necessary.

### Principal Investigator



Taikan Oki  
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### Co-Investigators



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## The Impact of Digital Transformation on Japanese Social Structure

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The Council for Science, Technology, and Innovation envisions building a digital social infrastructure that integrates cyberspace and physical space and is capable of not only mitigating major social challenges like population aging, environmental problems, and pandemics but also opening new pathways toward all-inclusive social development. This, in a nutshell, is what digital transformation (DX) is all about.

DX initiatives in Japan, though, are noticeably lagging behind those of major, IT-leading countries. While AI (artificial intelligence) is expected to form the core of DX in the future, Japan lags far behind the United States, China, and Britain in research, development, and implementation of generative AI—particularly multimodal AI—and its score on AI indices is by no means any higher than that of Germany, France, India, South Korea, and Singapore.

This research project will therefore first investigate

the strategies, policy trends, and available data of various countries to identify the DX—and particularly AI—initiatives Japan should take and the challenges it faces. It will then propose a set of DX policies and a new AI strategy leading to the realization of Society 5.0, making full use of verification experiments and questionnaire surveys to overcome the country's challenges.

Notably, the program will seek to deepen understanding of AI, conducting empirical research on cloud infrastructure, open API, and loose coupling of data. Based on this, we hope to develop proposals for not only security and personal data policies but also policies to develop next-generation IT human resources and education policies to encourage greater creativity. These efforts, we believe, can contribute to the achievement of the SDGs and the improvement of people's lives in the community.

### Principal Investigator



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Kazutaka Matsuzaki  
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## Reconstructing the Science and Technology Policy System

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### Principal Investigator



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Modern science and technology policies do not only target research and development in a narrow sense but also require close coordination with social transformation in various fields. In such a context, major decisions in science and technology policy require coordination with various stakeholders, including diverse ministries and agencies with field presence. Responses to COVID-19, digitalization, and climate change are accelerating these changes. In addition, geopolitical factors, such as US-China confrontation, are becoming more important in science and technology policy, and the need to enhance resilience in international supply chains is being recognized. Japan's science and technology innovation ecosystem need to be placed in this international context. Furthermore, compared to

other OECD countries, Japan has less government involvement in R&D investment, and the utilization of private R&D investment and collaboration with the private sector are becoming more important. In this context, it is also important to take into accounts the inherent challenges of R&D in the private sector and provide appropriate direction. In the light of these changes, this study examines how the science and technology policy system, which consists of the division of roles among various actors involved in science and technology policy, the way they interact with each other, and the policy instruments used, needs to be reconstructed, based on the analysis of case studies, including comparisons among fields and countries.

## Strategies for Technological Innovation and Economic Revitalization in the New Era of Global Competition

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### Research Representative



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SENIOR FELLOW

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This project examines strategies for Japan to compete in the next round of economic competition in the coming decades. Having succeeded in the manufacturing era, Japan entered the 1990s as an economic superpower. However, the subsequent lost decades saw the Japanese economy in decline while the U.S. economy regained its dominance led by innovative businesses coming out of Silicon Valley. What enabled these successes in Silicon Valley and elsewhere and what can Japan learn from these models? We will examine policies, business environments, human resource developments, and other key aspects of successful regions such as Silicon Valley and explore what policy tools could be adopted in Japan, as it seeks to stimulate more innovations and revitalize its economy. We focus on the follow-

ing four areas and make policy recommendations toward a more innovative and dynamic Japan that encourages new challenges and innovations that would increase the productivity of a shrinking population and contribute to the enhanced well-being of the people: (1) education reform and human capital development; (2) a more fluid labor market that effectively utilizes human capital; (3) reconfiguration of the capital market and investment environment; and (4) corporate governance and philosophy.

Economy, Fiscal Policy, Environment, Resources, Energy

Health, Medical Services, Nursing Care

Education, Human Resources Development, Employment, Social Security

Science, Technology, Innovation

Digital Revolution, Social Transformation through Digitalization

## Contingency Plans for a Potential Financial Crisis

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### Principal Investigator



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RESEARCH DIRECTOR

### Co-Investigators



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Yohei Kobayashi  
SENIOR FELLOW



Kazumasa Oguro  
RESEARCH DIRECTOR



Saori Tsuiki  
SENIOR FELLOW

This research program will develop contingency plans for a possible financial crisis in Japan. By preparing the plans beforehand, it aims to minimize the damage to the national economy that such a crisis may cause.

The contingency plans address two crisis levels: (1) the precursory stage and (2) the initial stage. Each stage is defined by the level of long-term interest rates. Our proposals will include emergency fiscal measures, market-taming measures, and emergency expenditure reductions for each stage.

We will mainly use quantitative simulations and institutional analyses to develop our plans. One focus will be the Bank of Japan, which now possesses more than 50% of Japanese government bonds. We will simulate the BOJ's financial standing under

different economic conditions and investigate how it can maintain the market's confidence during a crisis.

Economy, Fiscal Policy, Environment, Resources, Energy

Health, Medical Services, Nursing Care

Education, Human Resources Development, Employment, Social Security

Science, Technology, Innovation

Digital Revolution, Social Transformation through Digitalization

## Pre- and Post-COVID Chinese Society, Economy, and Politics

Read Online



### Principal Investigator



Long Ke  
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### Co-Investigator



Naoko Eto  
RESEARCH FELLOW



Tomoyuki Fukumoto  
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Jie Liu  
RESEARCH FELLOW



Bo Meng  
RESEARCH FELLOW

Even as the Chinese leadership struggled to cope with COVID-19 over the past three years, Xi Jinping managed to gain an unprecedented third term as president. This research program will analyze how post-COVID Chinese society, economy, and politics has changed from pre-pandemic years, focusing on whether the Xi administration can sustain China's development as the world's second-largest economy. Chinese society faces such issues as rising joblessness and income disparity, and the Chinese Communist Party needs to show people that its agenda can lead the country to a brighter tomorrow. The program will also offer recommendations on how the Japanese government and private companies can build a new relationship with China.

## Plans for Sustainable and Politically Acceptable Fiscal Consolidation and Social Insurance Reform from the Perspectives of Behavioral Economics and Political Science

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### Principal Investigator



Motohiro Sato  
RESEARCH DIRECTOR

### Co-Investigators



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Keiichiro Kobayashi  
RESEARCH DIRECTOR



Yukio Maeda  
RESEARCH DIRECTOR



Fumio Ohtake  
RESEARCH DIRECTOR

This research considers pathways to a sustainable fiscal and social security system in the post-COVID era. We will present multiple reform options and their anticipated social benefits and tax burdens, and then make recommendations to the government, local authorities, and the public. Because any proposed reform needs to have both “economic feasibility” and “political feasibility,” we will seek to offer economically rational fiscal consolidation plans that are based on robust evidence and logic while also striving for communication and dialogue with the voting public. Specifically, we will make long-term public finance and social security estimates based on data available from such government sources as the Ministry of Finance; Ministry of Health, Labor, and Welfare; and Cabinet Office and offer scenar-

ios according to growth rate and benefit level. The consumption tax rate will be a key measure for this purpose. At the same time, we will make estimates of benefits and tax levels according to different attributes, such as households with full-time homemakers, young-generation households, single-person households, and future-generation households. In making these estimates, certain assumptions will be made based on household surveys and current trends. Furthermore, our reform proposal will be applicable to both the central and local level governments through adjustments in the parameters.

## Redefining the Teacher as a High-Level Professional: With a View to Ensuring Both Quantity and Quality

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### Principal Investigator



Mina Matsumoto  
RESEARCH DIRECTOR

### Co-Investigator



Shigeki Kaizuka  
RESEARCH DIRECTOR

Public school education in Japan confronts serious teaching staff shortfalls in several ways. First, there is a shortage in the number of teachers, with schools being unable to attract enough classroom instructors. Reasons cited for this include a compensation system that does not provide overtime pay and working hours so long as to cause *karoshi* deaths. The issue of compensation is difficult to resolve, since it is closely tied to Japan’s fiscal woes at both the national and local levels. Higher pay, moreover, may not be enough solve the teacher shortage.

Another shortfall concerns the quality and abilities of teaching personnel. Various reforms have been implemented over the years, but their effectiveness remains in doubt.

Classroom learning is also being heavily impact-

ed by the rapid evolution of artificial intelligence. Will the full-fledged advent of the AI era compel changes in the skills required of schoolchildren? How will this affect the role of schools and teachers? Japan’s postwar recovery and growth were supported in large part by teachers at public schools. But existing institutions are increasingly unable to cope with the changing times. Our research program will reexamine the institutional design of the teaching profession from the perspective of ensuring both quantity and quality.

Economy, Fiscal Policy, Environment,  
Resources, Energy

Health, Medical Services, Nursing Care

Education, Human Resources Development,  
Employment, Social Security

Science, Technology, Innovation

Digital Revolution,  
Social Transformation through Digitalization

## Advancing Renewable Energy Initiatives through Local Ownership

Read Online



Principal Investigator



Hikaru Hiranuma  
SENIOR FELLOW

All renewable energy is essentially locally derived, so securing the understanding and cooperation of local entities is essential for its growth.

This program compares and analyzes the situation in Japan with leading examples in Europe and proposes necessary measures to promote renewable energy initiatives through local ownership.

Economy, Fiscal Policy, Environment,  
Resources, Energy

Health, Medical Services, Nursing Care

Education, Human Resources Development,  
Employment, Social Security

Science, Technology, Innovation

Digital Revolution,  
Social Transformation through Digitalization

## Japan's Response to an Accelerating Global Energy Transition — A Follow-Up

Read Online



Principal Investigator



Hikaru Hiranuma  
SENIOR FELLOW

Japan's Response to an Accelerating Global Energy Transition was a three-year research program (April 2020 to March 2023) that identified the measures Japan needs to take toward carbon neutrality. A follow-up program is being implemented to further disseminate its findings and promote Japan's efforts to achieve carbon neutrality.

For details about Japan's Response to an Accelerating Energy Transition research program, visit [https://www.tokyofoundation.org/programs/detail.php?u\\_id=19](https://www.tokyofoundation.org/programs/detail.php?u_id=19)



## The Blue Economy: International Trends and the Situation in Japan — A Follow-Up

Read Online



### Principal Investigator



Hikaru Hiranuma  
SENIOR FELLOW

The Blue Economy: International Trends and the Situation in Japan was a three-year research program (April 2019 to March 2022) that focused on the measures necessary to build a blue economy in Japan. A follow-up program is being implemented to further disseminate its findings and promote Japan's efforts to grow its blue economy.

For details about the Blue Economy: International Trends and the Situation in Japan research program, visit [https://www.tokyofoundation.org/programs/detail.php?u\\_id=18](https://www.tokyofoundation.org/programs/detail.php?u_id=18)



## Digitalization of the Economy and International Taxation

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### Principal Investigator



Naoki Oka  
RESEARCH FELLOW

### Co-Investigator



Shigeki Morinobu  
RESEARCH DIRECTOR

In 2021, the OECD/G20 agreed on a historic two-pillar “solution” to taxation issues in today’s digitized economy, where high-value intangibles are gaining increasing prominence, including introducing a 15% global minimum tax. Following the standards prescribed in the international agreements, Japan has launched tax reform ahead of other countries in 2023 and is expected to introduce concrete measures going forward.

The OECD is also accelerating discussions in such areas as environmental taxation, taxation of high-net-wealth individuals, taxation of the gig economy, and taxation of human capital. Japan will need to respond promptly to these initiatives as well.

This research project, whose members include tax law scholars and policymakers who are familiar

with the practical aspects of taxation, aims to contribute to Japan’s response by analyzing specific policy and technical issues that are likely to arise in formulating new treaties and domestic tax laws. The project will also address general taxation issues discussed internationally and respond to the interests of citizens and businesses by promoting discussion on international taxation in Japan.

## Economic Data and Evidence-Based Policymaking

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### Principal Investigator



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SENIOR FELLOW

The importance of evidence-based policymaking (EBPM) has been increasingly recognized. We, however, are subject to the constraint of economic data availability to make policy more evidence based. In this project, we not only conduct research on evidence-based policy evaluation but also develop databases for EBPM. Here are the five agendas. First, we develop and use real-time data, which are sets of information at the time policy decisions are made, to evaluate economic policies. Second, as well as developing economic indicators that can be used to judge the current business climate early and accurately, we nowcast GDP, in other words, we compute a running estimate of GDP by using available data. Third, we grasp economic trends at an early stage that cannot be done by government

statistics. In so doing, we study “alternative data”—non-traditional data generated by the business activities of private firms. Fourth, we examine and evaluate the government’s reforms of national statistics and make recommendations. Fifth, we forecast the medium- to long-term macroeconomic outlook for the Japanese economy by working with a group of professional forecasters.

## Development of Well-Being Indicators and Policy Packages

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### Principal Investigator



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Japan’s Basic Policies for Economic and Fiscal Management and Reform released in June 2021 clearly stated that “Key performance indicators (KPIs) related to well-being should be established for various government basic plans, etc.” While the concept of well-being has begun to permeate the public policy agendas of central ministries and agencies, little progress has been made among local governments. Therefore, this study attempts to develop well-being indicators and public policy packages that can be horizontally deployed by local governments to promote well-being policies.

#### (1) Development of well-being indicators

A number of issues must be resolved before lifetime well-being can be used as an indicator for policy formation, such as its validity as an indicator,

underdeveloped systems, and cultural differences across the country. Therefore, we will conduct an international joint study to estimate lifetime well-being by prefecture, utilizing data from a quarterly survey in Japan.

#### (2) Development of policy packages

Promoting well-being policies requires a long-term vision that can be implemented in stages, with priority areas being outlined for each year. This will allow residents to reap tangible benefits from the policy package. To this end, we will conduct well-being surveys, analyses, and identification of priority areas in specific municipalities and work with local governments to set KPIs and promote well-being policies.

## Assessing the Integrated Reform of Tax and Social Security Systems in Japan 2

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The Kishida administration declared in June 2023 its readiness to take “extraordinary measures” over the next several years to stem the declining birthrate in response to the shocking report that births in Japan fell below 800,000 for the first time in 2022. The decline in the birthrate, coupled with population aging, raises serious doubts about the sustainability of the social security system, fuels public anxiety about the future, and will have a negative impact on economic growth.

This research program will examine the impact Kishida’s announcement is likely to have as concrete measures are proposed and implemented.

The biggest challenge the initiative faces is the issue of financial resources. Thought is being given to adjusting expenditures and raising social insurance

payments, particularly for health insurance, but a stable, permanent revenue source is needed. To this end, it is necessary to find the best mix, which may require reforms to the consumption tax, income tax, asset tax, and other taxes. To gain the public’s understanding, there is also a need to present a clear picture of the benefits and burdens. The research program will invite experts to explore how such a best mix of benefits and burdens can be achieved.

### Principal Investigator



Shigeki Morinobu  
RESEARCH DIRECTOR

### Co-Investigator



Naoki Oka  
RESEARCH FELLOW

## Improving Accessibility of Home-visit Nursing Services

Read Online



Japan is a super-aging society, and the medical needs of the elderly are increasing. The Ministry of Health, Labor, and Welfare estimates that it will be necessary to build a system to support home medical care for about 1 million people by 2025. Therefore, it is essential to develop a system that allows medical treatment at home, not just at medical institutions and facilities for the elderly. In recent years, due to the shortening of hospital hospitalization, there has been a growing need for nursing services immediately after discharge in order to improve the quality of life at home. As a share of national medical care costs and long-term care benefit costs, however, growth of home-visit nursing services has been sluggish compared to other services. The main reasons are the complexity of coordinating information about home-visit nursing. To use home-visit nursing ser-

vices, the instructions of a doctor must be followed, and when using long-term care insurance, one must also enter a care plan created by a care manager. These needs compel visiting nurses to make sales calls to doctors and care managers.

This program aims to develop a system that simplifies the procedures for using home-visit nursing services when patients with high nursing needs are discharged so that they can receive nursing services from hospital nurses and visiting nurses without interruption. It also seeks to propose policies to improve accessibility to home-visit nursing services by reviewing the forms and licensing mechanisms related to the provision of home-visit nursing services after discharge, deregulating handover through the use of ICT, and reviewing the calculation requirements for medical fees and long-term care fees.

### Principal Investigator



Miwa Ishihara  
RESEARCH DIRECTOR

### Co-Investigators



Sanae Matsunaga  
SENIOR FELLOW



Chitose Watanabe  
SENIOR FELLOW

## Economic Analysis of Personal Income Tax Reform

Read Online



### Principal Investigator



Takero Doi  
RESEARCH DIRECTOR

This research program will conduct two economic analyses of personal income tax reform: (1) panel analyses of the effects of personal income tax reform implemented in the 2010s, and (2) microsimulation analyses to explore the reforms required in the 2020s. With respect to the first, we will analyze the effects of personal income tax reform, based on actual household incomes obtained from household panel data in the 2010s. Regarding the second, we will make specific policy recommendations on the personal income tax reforms required in the 2020s, supported by microsimulation analyses, using the suggestions on changes in the deduction and tax rate structure of the personal income tax system obtained from the panel analyses. In the microsimulation analyses, we can numerically analyze the pos-

sible impact on households when a hypothetical tax reform is implemented using real household income data. Based on these analyses, we will analyze the effects of the tax reform and make policy recommendations based on what is included in the tax reform package for each fiscal year to be approved by the cabinet at the end of the calendar year. In addition, research will be conducted on the compatibility of correcting income inequality and promoting innovation. We will analyze the factors that inhibit innovation in Japan's tax and social security systems and propose institutional reforms that are expected to be effective in promoting innovation.

## Economic Analyses of Pandemics (starting October 1, 2023)

Read Online



### Principal Investigator



Asako Chiba  
POSTDOCTORAL FELLOW

Pandemics have long been dealt with as a medical issue. Pandemic-related literature in economics is still relatively scarce, although there was an uptick in studies following the outbreak of COVID-19. To contribute to the evaluation of the costs and benefits of pandemic policies, this research program will analyze the social and economic impact of the pandemic using two approaches: (1) a simulation of infection trends and economic activity and (2) empirical research using macro- and microdata. In (1), we extend the agent-based model used in previous research into an economic-model by introducing agents' adaptive behavior and economic parameters. This extension allows measurement of both sector-level and micro-level impact. In (2), we quantitatively analyze data from both publicly avail-

able sources and those gained by conducting online surveys to show the impact of policy interventions during COVID-19. In the earlier research program, we suggested there would be a substantial decrease in marriages and a decline in the labor supply due to both the illness and quarantine measures. We will continue to deal with these topics but also undertake statistical analyses to rigorously identify the effects of the pandemic. In both approaches, we will publish the results as a report accessible to the general public and as an academic paper.

### Co-Investigator



Keiichiro Kobayashi  
RESEARCH DIRECTOR





## Economic Policy Regime after Global Inflation (starting October 1, 2023)

Read Online



Principal Investigator



Hideo Hayakawa  
SENIOR FELLOW

For nearly 30 years since the 1980s, neoliberalism was the dominant economic policy regime among major industrial countries. It lost its persuasiveness during the course of 2010s, however, following the global financial crisis of 2007–08, widening of income inequality, and increased focus on climate change. We have since seen a search for new policy regimes. Just prior to the pandemic, a gradual consensus seemed to emerge on (1) placing more emphasis on the use of fiscal policy rather than monetary policy for macroeconomic stabilization, (2) advancing global cooperation for decarbonization, and (3) achieving international harmonization of corporate tax rates, including digital taxation.

The pandemic caused inflation rates to surge almost everywhere, however, including even in Japan,

which had been beset by deflation for many decades. Under the circumstances, there is little wonder that major countries are now fighting inflation with monetary policy. A few years from now, though, when global inflation has eased, the world will likely resume its search for a new economic policy regime. This program will analyze how such a search may unfold.

Economic Policy Regime in the Post-COVID-19 Era (through September 30, 2023)  
[https://www.tokyofoundation.org/programs/detail.php?u\\_id=29](https://www.tokyofoundation.org/programs/detail.php?u_id=29)



## The Role of the Community in Land Policy in the Era of Depopulation

Read Online



Principal Investigator



Shoko Yoshihara  
RESEARCH FELLOW

This study aims to analyze the role of the community, which has been positioned as the bearer of various public activities in recent land policy. As the population continues to decline, resulting in more vacant homes and unclaimed land, the government is implementing various policies to realize the appropriate use and management of land by not only landowners but also neighboring residents and the local community based on the Act on Unknown Land Ownership (2018) and the new National Spatial Development Plan (2023), among others. However, the scope, entity, role, and legal status of the community envisioned in such policies can vary and are not always easy for the public to understand. It may also be difficult for a local community to reach a consensus on land use and management, which

involve individual property rights, and to act in an autonomous and ongoing manner. This study will analyze the issues involved and offer proposals to maximize the effectiveness of the new land policy so that it contributes to the appropriate management and use of national land with the public's understanding and participation.

## Policy Evaluation of Cross-Regional Interconnection Lines in the Electricity Market

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Principal Investigator



Kota Sugimoto  
RESEARCH FELLOW

This program studies the interconnection lines in the Japanese power system. Interconnection lines are the high-voltage transmission lines that connect areas under the jurisdiction of transmission and distribution companies. The electricity network has the technical feature that the amount of supply and demand must be constantly matched. Otherwise, the frequency will change drastically, and there will be a risk of blackouts. In addition, future electricity networks will face new challenges of more severe natural disasters due to climate change and the massive introduction of renewable energy essential for the realization of a decarbonized society. The use of interconnection lines contributes to a stable power system robust against natural disasters and accidents and realizes a least-cost power supply. However, the in-

ter-regional transfer of energy through interconnections has been historically limited in Japan because incumbent vertically integrated electric power companies—former regional monopolies—were mostly self-sufficient in meeting demand in their respective regions before the Great East Japan Earthquake. In this research program, I will evaluate how efficiently Japan’s interconnection lines are being utilized by estimating the effect of implicit auctions implemented after the earthquake.

# CSR Research Project

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## Background and Aims

Measures to address issues like environmental degradation, poverty, and human rights had long been considered the purview of the government sector. But as the impact of corporate activities has expanded with the development of the global economy, private companies have found they could no longer ignore these issues. Public-sector initiatives alone are increasingly unable to cope with the catastrophic scale of natural disasters and the growing complexity of community-related issues. Businesses are consequently being called upon to go beyond their role as profit-making entities and to fulfill their responsibilities corporate citizens. The concept of corporate social responsibility has taken root in

Japan in recent years, with a growing number of companies introducing their CSR initiatives in their sustainability reports and on their websites. All too often, though, they are little more than lists of notable achievements, and little attention is given to the high potential these activities have to help mitigate real-life problems. This was the impetus behind our decision in 2013 to launch a project to conduct CSR research, led by a committee of practitioners and experts. The goal of the project is to further promote CSR in Japan, thereby leveraging the resources of the corporate sector to accelerate the resolution of the many issues confronting society today.

## Committee of Experts (alphabetical order)



**Yuichiro Anzai**  
Executive Director and CEO, Tokyo Foundation for Policy Research



**Yoriko Kawaguchi**  
Distinguished Fellow, Tokyo Foundation for Policy Research; Emerita Fellow, Musashino Institute for Global Affairs, Musashino University; Former Minister of the Environment; Former Minister for Foreign Affairs; Former Special Advisor to the Prime Minister; Former Member of the House of Councillors



**Toshio Arima**  
Chairman of the Board, Global Compact Network Japan



**Hiroshi Komiyama (Chair)**  
Chairman of the Institute, Mitsubishi Research Institute, Inc.; President, Platinum Society Network; The 28th President, the University of Tokyo



**Katsuhito Iwai (Acting Chair)**  
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