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THE DIGITAL TRANSFORMATION AND JAPAN'S POLITICAL ECONOMY

Ulrike Schaede

University of California San Diego

Kay Shimizu

University of Pittsburgh



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The Digital Transformation And Japan's Political Economy

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Ulrike Schaede
University of California San Diego

Kay Shimizu
University of Pittsburgh

Author for correspondence: Ulrike Schaede, uschaede@ucsd.edu

Abstract: The digital transformation and demographic change are usually seen as two separate but equally threatening events that foreshadow job replacement, industrial decline, and social bifurcation. Because Japan is the world's frontrunner in demographic change with an ageing and shrinking society, it is facing these two disruptions at the exact same time. This creates a "lucky moment," as it presents an opportunity to employ one as a solution for the problems caused by the other. For example, Japan's traditional sectors are replaced by digital systems that demand fewer people while offering new jobs. Emerging technologies are opening fresh opportunities for Japanese companies to compete globally. The twin disruptions are also upending Japan's political economy. As companies reinvent business strategies and employees reskill to pursue individual careers, the state is reorganizing to find a new role in balancing the unfolding demands of the digital economy.

Keywords: Digital transformation, demographic change, deep technology, agrotech, AI, industrial policy, ageing society, labor shortage, reskilling

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