# Changing Gears in the Slowdown Phenomena Era

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## 1. Introduction

After the tsunami shock of the collapse of the bubble economy that hit the Japanese economy during the "Heisei Era", Japan began to slow down in all aspects of its life, economically, socially and culturally.

There is no causal relationship or historical inevitability of any kind between the commencement of the Heisei era and the slowdown. However, those born in the Showa era, who carry the new era name on their backs, note the coincidence. Although there is no causal relationship between the arrival of the new era and the events that come with it, much can be easily conveyed from the new era's name. The same is true for the "Meiji Centennial" and the upcoming "Showa Centennial."[1]

In this paper, we will look back on the Heisei era and examine what we can learn from that era, the events that shaped it and what we should consider and ponder in relation to the new era.

## 2. The slowdown phenomenon and the Heisei era

Dr. Danny Dorling, Oxford University Professor and geographer, described the recent Covid-19 pandemic as follows.

“In 2020, humanity slowed down in an unprecedented way, stopping most of what a billion people do all the time. What’s more, billions of people were greatly affected by it.”[2]

According to Dr. Dorling, the “slowdown phenomenon” is one of the key words that characterize the new era that has emerged in the wake of the pandemic. The term refers to a situation in which there is a fundamental change of pace a “slowdown” in the pace of change, i.e., a decrease in the speed of change presented in the social system. As mentioned in the introduction, this slowdown phenomenon was neither caused by nor started in time with the pandemic.

“A slowdown is upon us, and this is something to be very thankful for. The alternative-an ever-growing total human population, ever more economically divided societies, ever-greater consumption per head-would be a catastrophe. Without both population growth and material economic growth, capitalism-the economic system we have become so used to that we cannot imagine it ending-transforms into something else. Something far more stable and sensible. Whether people will be happier or not in that future world is impossible to know. They might more often come to see that you cannot find happiness through acquiring more possessions and more exotic experiences. There is so much we cannot know. But we should at least recognize that the slowdown is upon us and can now be found in so many surprising areas,” Dorling asserts.[3]

Although the slowdown phenomenon is not attributable to the pandemic, it will eventually be treated as symbolic of the new post-pandemic era.

### (1) Actual slowdown phenomenon

Dr. Dorling points out that in recent years, the incremental values of demographic trends such as the world’s total population and fertility rate, economic trends such as the GDP, GDP per capita, and wage levels of countries

around the world, and innovation rates related to information and technology have been slowing (decelerating) , using time series lines such as Figure-1.1, and Figure-1.2, Figure-2, and Figure-3. Figure-4, and Figure-5 show time-series graphs to point out the slowdown.[4]

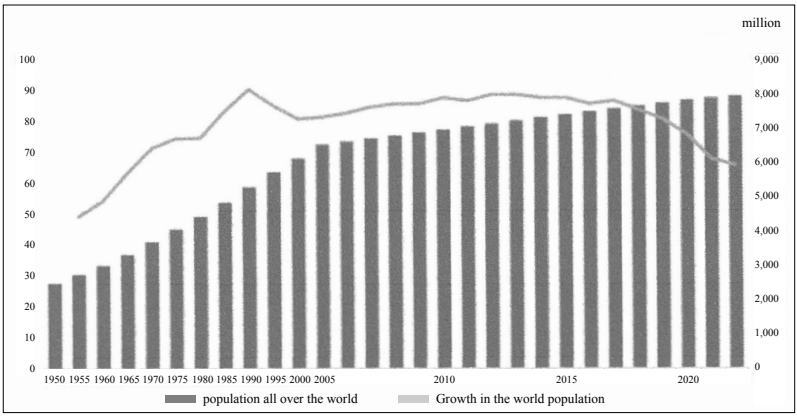
For example, one result of the slowdown phenomenon is that the world's total population, which had been projected to reach 15 billion in 2030, has been drastically revised to "peak at 8 billion in 2040 and then decline.[5] "

Although there are many who dispute such a drastic population decline scenario, the argument is already premised on the assumption that the population slowdown will be automatic.[6] In fact, the world's population growth peaked in 1990 and has been declining (Figure-1.1, Figure-1.2, Figure-2) , and the fertility rate, which has been considered one of the main factors contributing to population growth, had slowed down around the year 2000.[7] The world's total population is in fact at a transition point and is on the verge of a slowdown.

Similarly, he suggests that there is a slowdown phenomenon with respect to economic dynamics. Presenting "GDP per capita in the world, 1971-2022" (Figure-3), Dr. Dorling points out that the growth rate of world GDP per capita was highest in 2006, followed by a gradual decline in the peak level.[8] Clearly, there is a slowdown trend in the 2006-2018 period. In addition, looking at the trend of GDP per capita in the U.S. (see Figure-4) , the absolute change was greatest in 1998 and 1999, and the rate of increase has been declining since 2005.[9] Even in China, which achieved significant economic growth in the 2000s, the relative growth rate has been well below 10% since 2010 (see Figure-5). China, which had experienced significant economic growth in the 2000s, has seen its relative growth rate fallen well below 10% since 2010 (see Figure-5).[10]

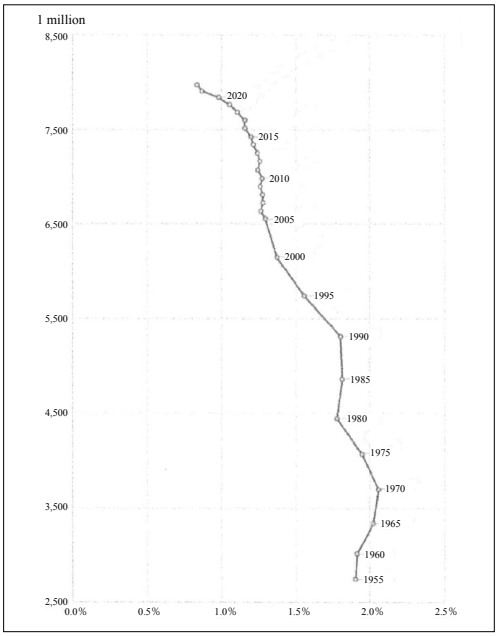
However, if we include the period up to 2021, the figure has temporarily jumped, partly due to a rebound in 2020.[11]

**Figure–1.1**　Population Trends and Growth in the World Population 1950-2022



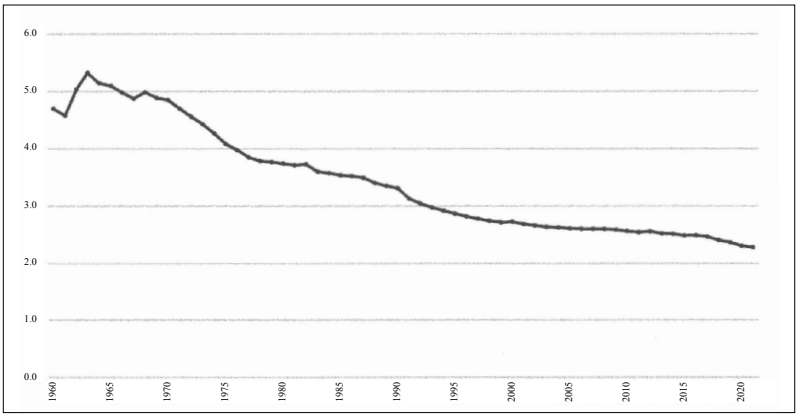

Source: UN, World Population Prospects: The 2022 Revision

**Figure–1.2**　World Population Trends and Year-on-Year Growth 1950-2022



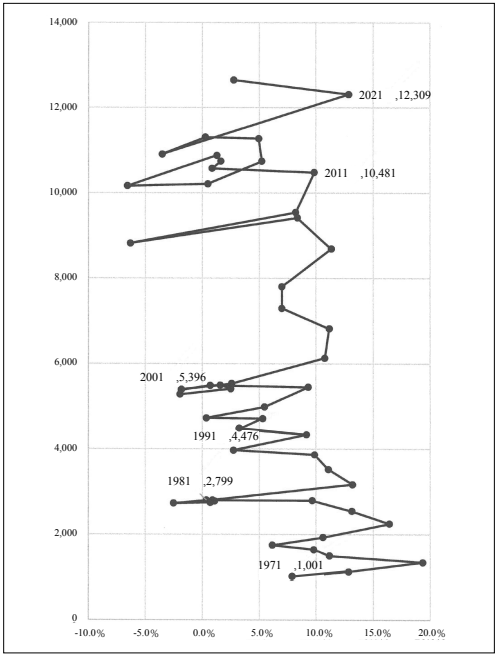

Source: Compiled from UN, World Population Prospects: The 2022 Revision

**Figure–2** Fertility Rates in the World 1960-2021

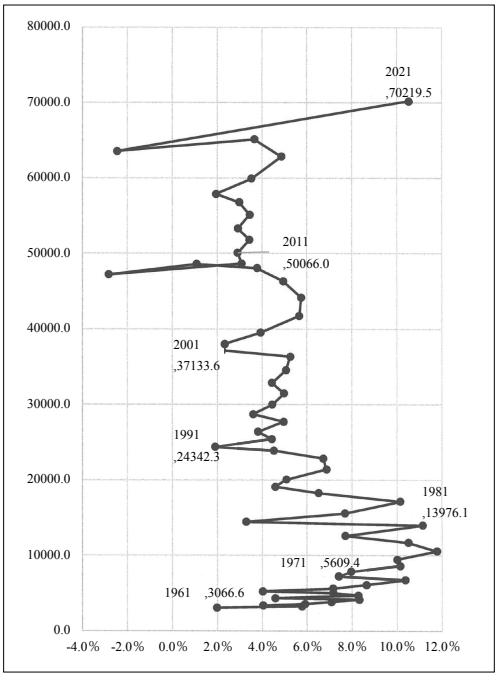



Source: worldbank. datacatalog. worldbank. org

**Figure–3** GDP per capita in the world, 1971-2022



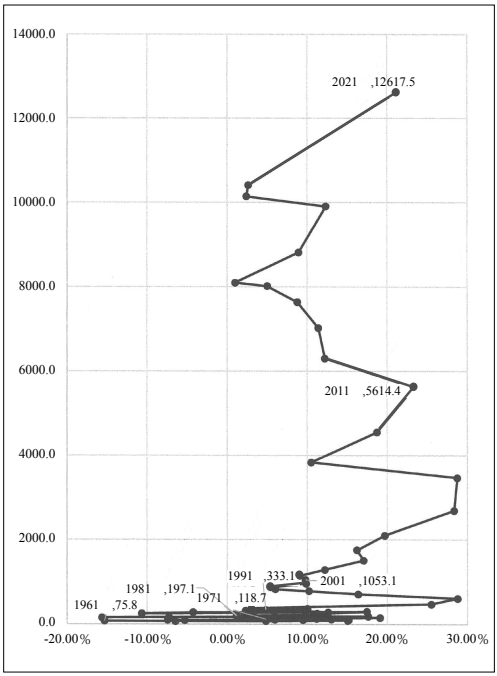
**Figure–4**　U.S. GDP per capita, 1500-2019




Dr. Dorling examined the growth rate of Wikipedia and pointed out that the innovation rate appears to have reversed and is on a downward trend.[12]

Wikipedia, which was created in 2001, added 1,000 articles in less than a month of service, and grew exponentially to 100,000 articles in 2003 and 1 million articles in 2006, but the pace has gradually slowed. The pace of increase in the information available on the Internet has also slowed, with the growth rate of content hovering around 10% per year, and the overall expansion of the Internet has also slowed.[13] Although technological innovation can be seen to be increasing, it is doing so at a slower pace. For these reasons, Dr. Dorling concludes that technology is slowing.[14]

**Figure–5** China's GDP per capita, 1978-2019




Dr. Dorling does not argue that the slowdown phenomenon should be viewed negatively.

He is merely warning us that if any event continues to accelerate without slowing down, it will continue to move toward ultimate destruction, but if it slows down, we need not worry about it. In other words, it points out the limits of capitalism, which has been established by continuously creating new products, skillfully manipulating human psychology to create new markets, and uncovering new demands and needs, and affirmating calls for the necessity of social transitions.

"Today slowdown (a word first used in the 1890s, meaning to go forward more

slowly) affects far more than our rate of population growth. It affects almost every aspect of our lives. Our current slowdown represents a huge challenge to the expectation of acceleration, and a step into the unknown."[15]

According to this statement, a slowdown is a return to the normal situation and a move toward stability. In the long history of mankind, the era of great acceleration is in fact the abnormal era, and the era of a so called "slowdown" is indicative of a return to a normal state. The low rate of change era is neither a dystopia nor a utopia, but a new world that is completely different from the one before it.

### (2) Stall from a period of great acceleration

The era of rapid growth in economic activity experienced by many developed countries like Japan, the U.S., and Europe after World War II, together with the accompanying era of dramatically increased environmental impact, is referred to as the "Great Acceleration" period.[16] The common wisdom of the era is based on the perception that technological innovation would continue to advance rapidly and economic growth would be perpetual, and that markets will continue to expand as social, economic, political, and demographic changes accelerate.[17] The Great Acceleration Era can be described as a world dominated by the "Juvons paradox," in which the use of large quantities of fossil fuels sustains rapid economic growth and dramatically increases environmental impact.[18] In other words, many people, companies, and other social actors who share this common sense perception, act with the realization of economies of scale in mind in the timely pursuit of efficiency in the process of continuous technological innovation and growth.

Japan, which had been just a small country in the remote Far East of Asia, quickly rode the wave of the Great Acceleration Era and rose to the top of the

world stage, achieving the status of an advanced nation. Japan's economic growth was fueled by domestic demand, which grew in tandem with its steadily increasing population, and the country rose to dominate the global market.

However, as the end of the century approached, the situation gradually became more and more difficult to sustain such a dynamic pace of change. Not many people were conscious of these changes, apart from a few often-criticized academics. Most people were convinced that a mass-production, mass-consumption society would endlessly develop and prosper, and that growth would be eternal.[19]

However, Japan was the first country in the world that was forced by circumstances to transform and adapt in the face of the emergent "slow-down society". The timing of the slowdown coincidentally coincided with the collapse of the bubble economy and therefore was hidden. Most commentators consider that the events were was a result of the bursting of the bubble economy, rather than because of an emerging era of a slowdown. The slowdown phenomenon, which means "a slowdown in the pace of change rather than decrease," is a phenomenon that is extremely difficult to identify particularly whilst transitioning through it because it starts slowly and sometimes takes several generations to progress.[20] Indeed, the phenomenon that hit Japanese society was modest and went unnoticed at first. However, with the strong push from the bursting of the bubble economy, the catastrophic consequences are now there for all to see. The impact has been so strong that it has been described as "When you are running at a high rate of speed and suddenly the brakes are applied and you realize you are running at a great speed.[21] Thus everyone was unaware of the speed at which society was travelling at, until the brakes came on.

This was the beginning of a slowdown in most key performance indicators of Japan's prosperity, which has continued throughout the Heisei era.

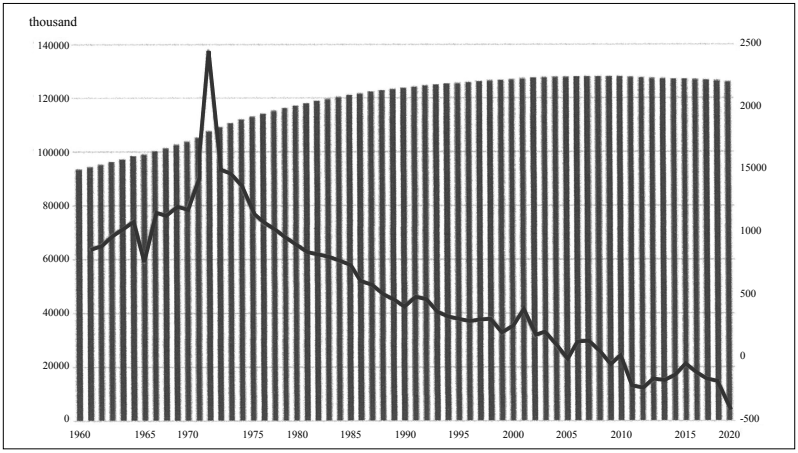
### (3) World's first slowdown phenomenon

Dr. Dorling asserts that Japan was the first large country in the world to slow down.[22]

Indeed, the signs may have already been manifesting themselves around the early 1970s, at the end of the period of high economic growth.[23] It was around 1972 that population growth peaked, and the birth rate began to decline in Japanese society. However, despite the advent of such a population decline crisis, it is only recently that Japan has begun to appreciate the dire impact this is having and proactively addressit, although with little effect, indeed it may be entirely too late.

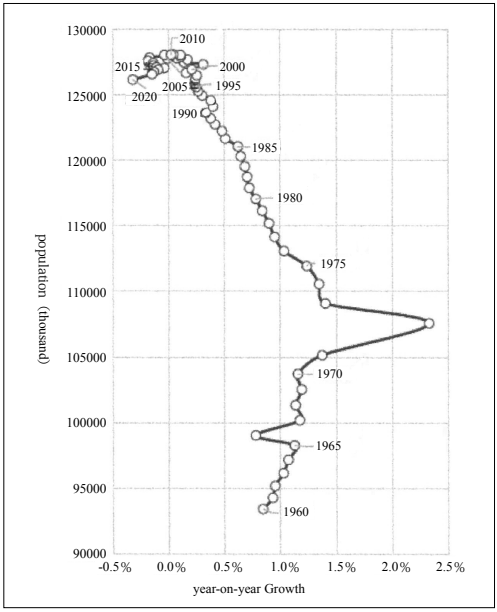
In the following, we will examine this process of slowdown in Japanese society. For example, a representative indicator of the slowdown phenomenon is the demographic trend. For more than 50 years since the end of World War II, Japan's total population has been steadily increasing, and although the birth rate began to decline in 1972, the population continued to grow as the "baby boomers" born between 1947 and 1949 began to have children. After peaking in 2010, the total population began to decline (Figure-6.1 and Figure-6.2). The largest factor in population growth up to that point was the increase in life expectancy due to improved diets and advances in medical technology: in 1990, the average life expectancy in Japan was 75.92 years old for males and 81.9 years old for females, but just before the pandemic, it was 81.41 years for males and 87.45 years old for females (Figure-8). This, however, caused a major problem of "declining birthrate and aging population". On the other hand, the current population of over 120 million is projected to fall below 100 million by 2065, to 85 million before the 22nd century. Why didn't Japan realize that a shrinking working population and labor shortages would become a severe problem for the future in the early 1970s, when the birth-rate began to decline? Why did Japan not take remedial action? If

**Figure–6.1** Japan's Population and year-on-year Growth



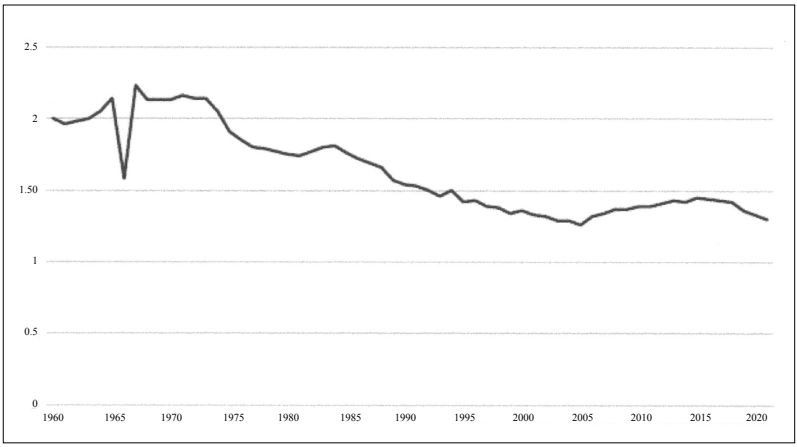

Source: Vital Statistics, Cabinet Office

**Figure–6.2** Japan's Population and year-on-year Growth



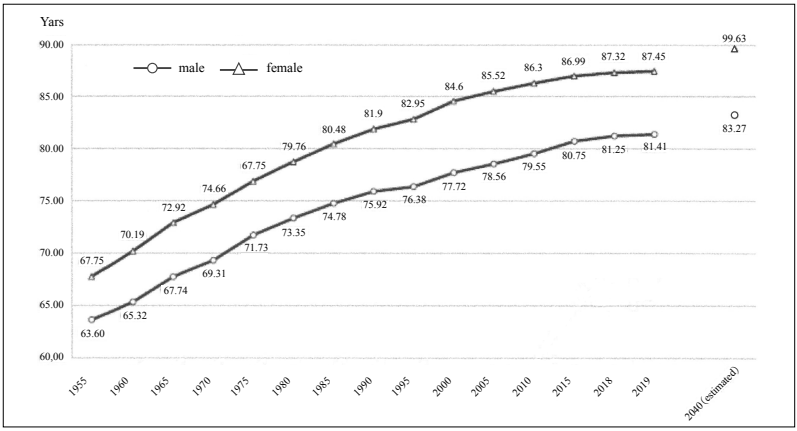

Source: Compiled from Vital Statistics, Cabinet Office, Government of Japan

**Figure–7**　Trends in Japan's fertillity rate, 1960-2020




Source: worldbank.datacatalog.worldbank.org

**Figure–8**　Trends in average life expectancy in Japan




Source: 2020 White Paper on Health, Labour and Welfare

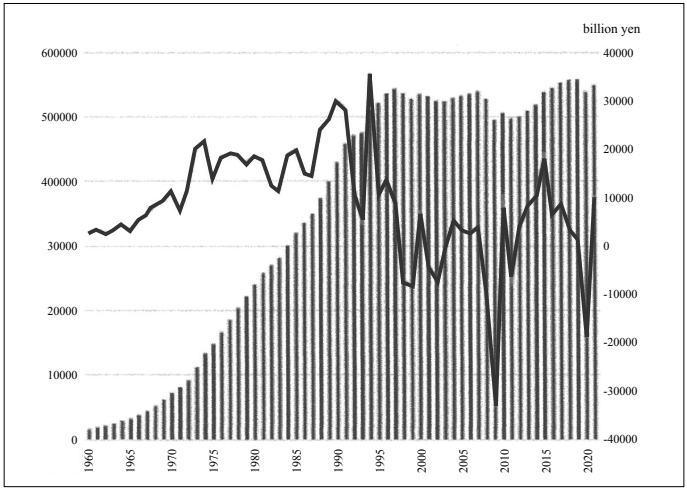
this trend continues, the implications for Japan are very significant, i.e. it is likely to become an unattractive region for global companies soon, both as a production base and as a consumer market. Moreover, this decline will have a major impact

on consumption patterns.

Figure-9.1, Figure-9.2 and Figure-10.1, Figure-10.2 depict changes in GDP and GDP per capita and their year-on-year increments for the economic situation in Japanese society.

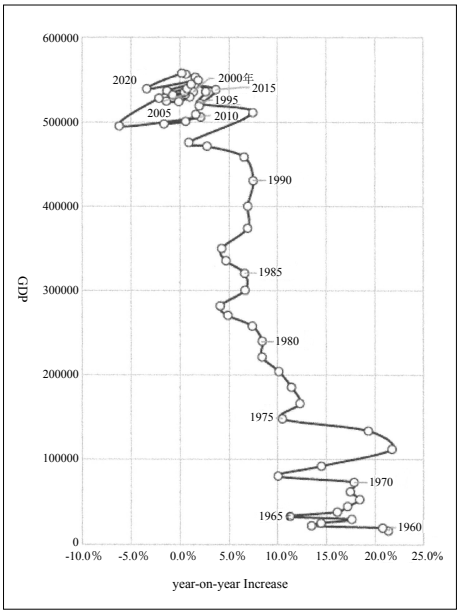
After a period of rapid economic growth in the 1960s, Japan grew to become the world's second largest economy in terms of GDP after the United States. It also ranked second in terms of GDP per capita and began to advance towards a "100-million middle class society". Twenty years later, when the bubble economy collapsed, the economic situation deteriorated dramatically: in 2008, Singapore overtook Japan as the top GDP per capita in the Asian region, and in 2010, China with its rapidly growing economy, overtook Japan as the world's second largest GDP[24] pushing Japan back to 3rd place. Furthermore, it was overtaken in GDP per capita by Taiwan in 2022 and even by South Korea in 2023. Thus, in addition to the international relative income decline, the reality that Japan faced was an

**Figure–9.1** Change in GDP and year-on-year Increase



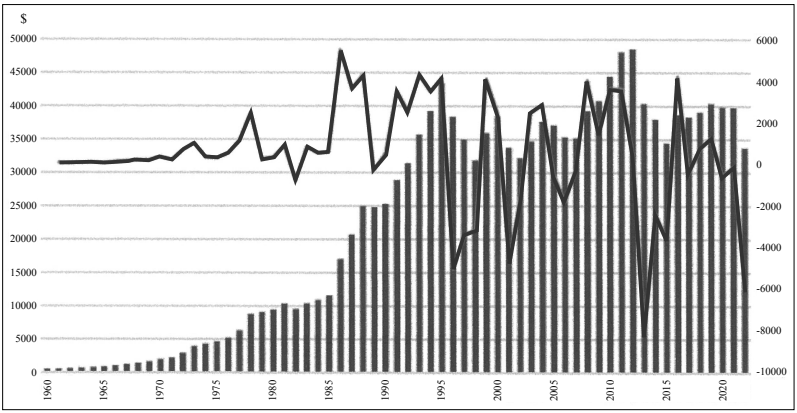

Source: National Accounts, Cabinet Office

**Figure–9.2**　GDP and Change in year-on-year Increase



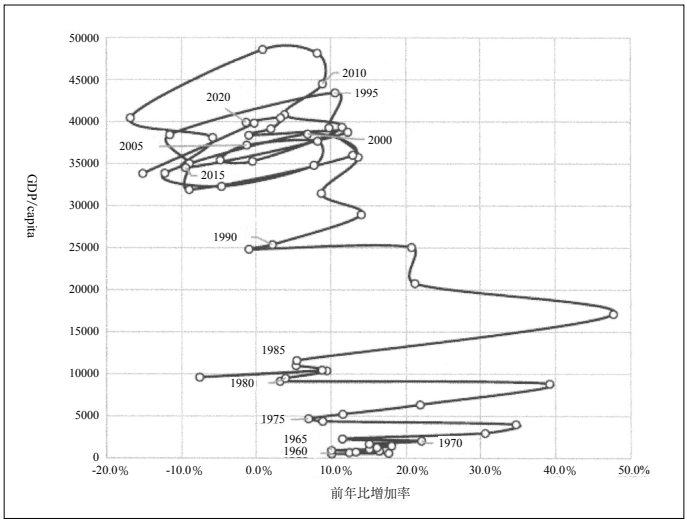

Source: Compiled from the Cabinet Office's National Accounts

**Figure-10.1**　Japan's GDP per capita and year-on-year increase




Source: worldbank.datacatalog.worldbank.org

**Figure–10.2** Japan's GDP per capita and year-on-year increase




Source: Compiled from worldbank.datacatalog.worldbank.org

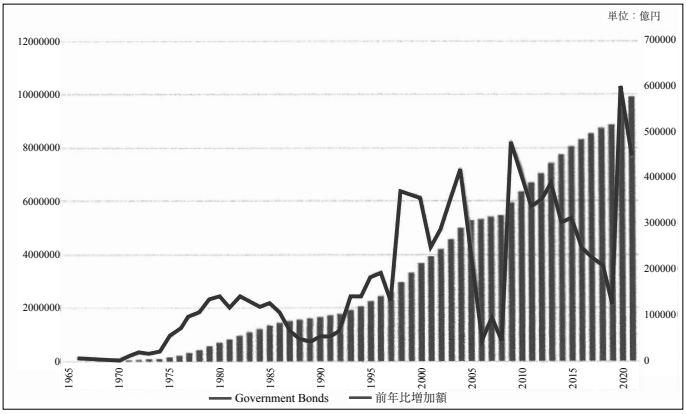
absolute income decline, with national income falling below that of 30 years ago. Moreover, Japan became the world's largest debtor nation with a debt balance more than 1,000 trillion yen (Figure-11), and around the year 2020, Japan completely lost its prestige as an economic superpower.

In addition, there has been a noticeable slowdown in the technological capabilities of the Japanese economy and Japanese companies, which used to be the source of their international competitiveness. In the semiconductor business, where Japanese companies once held more than 50% of the global market share, they have now fallen behind Taiwanese and Korean companies. In addition, the number of patent registrations, which used to rank alongside the U.S. as one of the world's top markets, has also slumped to the point where it is off the scale (Figure-12). In the information and communications technology (ICT) based business sector, the top-ranked companies by market capitalization are all U.S.

companies, with no Japanese companies present. In the automotive industry, though continued success shows in the hybrid-engine car market, there is a noticeable lag in the field of EVs.

As with the economic situation, it must be said that the former technological superpower has completely lost its performance edge and will clearly struggle to

**Figure–11**　Outstanding government bonds (1965-2021)




**Figure–12**　International comparison of the number of patent registrations

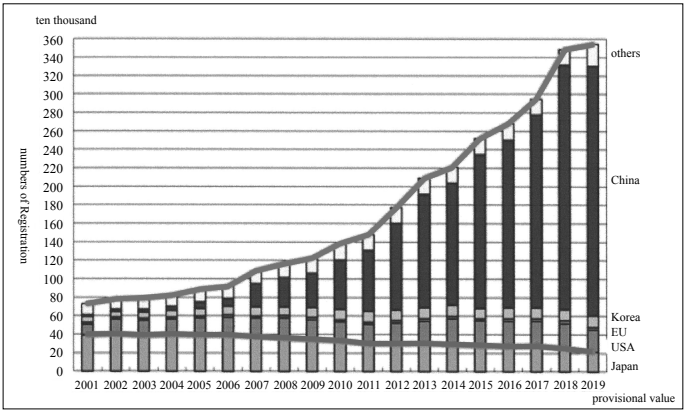
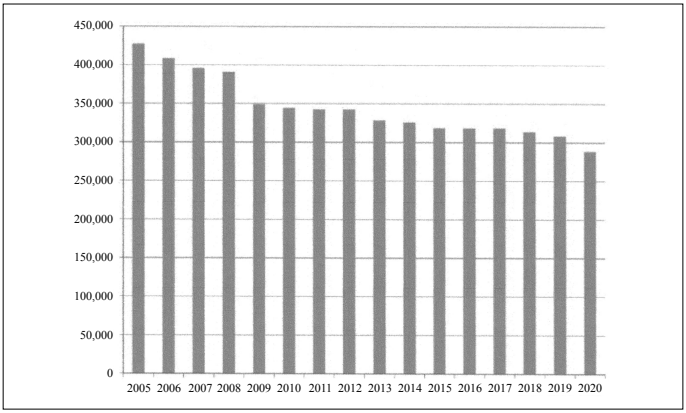


**Figure-13** Number of Japanese patent registrations and year-on-year increase




regain it, if that is at all possible.

## 3. Transition and leadership

Japanese society is said to be the first country in the world to enter the era of slowdown, and like the elderly who have entered the latter stages of old age, we can only wait for the final “end game” to arrive.

However, if we accept Dorling’s statement, “It (the slowdown phenomenon) is not the end of history, but rather the beginning of a new history,[25] ” then all is not lost and Japan should have a chance of a fresh start. Of course, it will not be easy to succeed. During the 30-plus years of the transition from an era of great acceleration to one of slowdown, Japanese society and Japanese companies have contemplated all sorts of measures to revitalize themselves. However, not only have many of them failed to achieve much, but they have also been unable to resist the slowdown phenomenon at all and have only been able to accept continual decline as an inevitable part of the process.

As the Heisei era ended, the second Tokyo Olympics Games was held behind

closed doors, the pandemic wreaking havoc on this prestigious event, quite a contrast to the first Tokyo Olympics which was effectively Japan's "coming of age" party. With the 100th anniversary of the Showa era (2025) approaching soon, momentum is building toward a new era. We are beginning to get used to the new era name, "2025," and are ready to accept the new history. It can be said that Japanese society is during a transitional period, waiting for clarity of the emergent trends of the new era.

In the following, we will consider the points of change that Japanese society and companies should consider when engaging in the coming era of inevitable slowdown.

### (1) Basic functions of leadership

For Japanese society to renew and revive, it is essential to build a global competitive advantage through the creation of new business models by making full use of innovation. Certainly, Japanese society and Japanese companies were full of energy during the period of great acceleration in the latter half of the 20th century, and they constantly challenged themselves to innovative. However, as soon as the Heisei Era arrived, the energy to meet innovative challenges waned swiftly. The most important factor is that the innovation-oriented leadership that should have been established and strengthened under the paradigm of the Great Acceleration Era is no longer being demonstrated in the Japanese business community.

This is not attributable to the fact that the basic functions of leadership have mutated in transitional times. Whether it is an era of great acceleration or a period of slowdown, it is necessary for companies, organizations, and other actors in society to tentatively formulate a vision (a future "What it should be" or "what it wants to be") and lead the way towards its acheivement. It is also necessary to

communicate the direction for people and organizations that support and cooperate with the realization of such a hypothetical vision, and to elicit their interest and actions. It is essential to provide an incentive to motivate the populace to take supportive actions while accounting for their very real needs during this transition. The three basic functions of leadership, 1) vision building, 2) motivation promotion, and 3) architecture building, are synonymous with "common purpose," "economy of incentives," and "communication," which are the building blocks of formal organizations.[26] In light of this, the basic functions of leadership are still the very building blocks of the organization.

More to the point, even if the basic functions of leadership do not change to match the circumstances, the abilities and styles of the people who make them function are transformative, and whether they are fit and appropriate for the times is directly related to the outcomes acheived.

### (2) Showa types of leadership style

People and companies that have grown up and "bought-in" to the Great Acceleration Era, and are of the view that "technological innovation will continue to advance rapidly in the future and economic growth will continue forever," requiring a type of leadership that maintains and ensures homogeneity and uniformity and establishes certainty and order, so that there is no misalignment or dissonance between the words and actions of the stakeholders, growth and advancement are paramount in such a world. Coincidentally, these are the mandatory conditions to maintain a continually increasing share price and continually rising stock market. The company's leadership style has been to maintain homogeneity and uniformity and to establish certainty, order and continual growth. Therefore, the following abilities were required for leadership in the Great Acceleration Era, when there was continuity in the process of

technological innovation. First, the ability to determine in advance the steps to be taken to achieve the planned results and to allocate the resources necessary to carry them out, including planning and budgeting; second, the ability to establish policies and regulations to appropriately assign human resources and to guide them in a certain direction, as well as methods and systems to monitor them; and third, the ability to plan and eliminate deviations from the plan. The fourth is the ability to create added value through cost reduction and technological innovation. This was true until 2000.

**Figure-14**　Generation names since the Showa Era

| Generation Name | Birth of years |
|---|---|
| Baby boomer Gen. | 1947 - 1951 |
| Levelly Gen. | 1952 - 1960 |
| New Human Gen. | 1961 - 1965 |
| Bubble Gen. | 1966 - 1970 |
| Baby boomer Jr. Gen. | 1971 - 1974 |
| Post aby boomer Jr. Gen. | 1975 - 1982 |
| Know-it-all Gen. | 1987 - 1995 |
| Relaxed Gen. | 1983 - 1995 |
| X Gen. | 1965 - 1984 |
| Y Gen (Milleniam) | 1981 - 1994 |
| Z Gen. | 1995 - 2010 |
| α Gen. | 2011 - 2025 |

Source: Prepared by Yohei Harada, “Generation Z”

The “baby-boomers” in the postwar era, the “Levelly Generation,” the “New Human Generation,” and the “Bubble Generation” in the Showa and Heisei eras, were skilled in the above-mentioned four abilities and demonstrated an “order-keeping” leadership style that was able to cope with the complexity of markets, competition, technology and systems, and maintain order and was perfect for this high growth era. They demonstrated an “order-maintaining” leadership style. They focused exclusively on maintaining order in favor of the supply side, and they led society with a more direct, limited, and defined focus on events and tasks directly

related to achieving their personal and organizational goals and visions, that of growth continuing increased personal and professional wealth.

This we will refer to as the “Showa types of leadership”.

### (3) Heisei types of leadership style

However, even in the Heisei Era, when the slowdown phenomenon was progressing, Showa-based leadership was still prevalent. While followership was changing to some extent, there was little sign of a significant change in leadership style. This is because there were a surprisingly large number of followers of Showa-style leadership, backed by past successes, and the bedrock system that endorsed this style was overwhelmingly dominant. This partially explains some of the difficulty both of executive and governmental leadership in Japan to fight their way out of the impact of the bubble economy, they were unable to as their “leadership paradigm” was one based on growth and continual advancement, not an ideal match for the era in which they found themselves. That leadership style was unable to deal with the new “negative growth” and decline which presented as a reality.

Naturally, as time went by, the mismatch between social trends and leadership styles grew wider and wider. Measures taken by systems that were out of step with the times failed and produced no results, and the situation continued to worsen as time passed. Meanwhile, economic crises occurred frequently on a global level, such as the Asian currency crisis in the mid-1990s, the bursting of the IT bubble in the early 2000s, and the Lehman shock in 2008, and the Japanese society, which could not change, was repeatedly hit by them. As a result, Japan was forced to face such problems as falling stock and land prices in a continually deflationary economic cycle, fixed zero interest rates and low wages, a declining birthrate and aging population, a strong yen disproportionate to the real economy, a marked

decline in R&D capacity, and a ballooning debt balance. A major factor in the inability to emerge from this economic slump was the dominance of Showa types of leadership style, even in the Heisei era.

### (4) Generation Z and leadership styles

With traditional employment rules still dominant and the economic system still based on them, it may well take more time before the leadership style is completely transformed. However, a generational change in leadership is underway in Japan, with Gen. Z and Gen. α playing the leading roles, and it is highly anticipated that this will open the door to a new era.

Gen. Z and Gen. α, whose parents are Gen. X and Millennials who have made the Heisei Era their base of activities, and who will be the main players in the new era, are digital natives who have been exposed to the Internet and smartphones since birth. Whether they have clear memories or not, they are the generation that witnessed the major events of the first half of the 21 stcentury, such as the Lehman Shock and the Great East Japan Earthquake, in real life, and they are the advanced human beings with experience of electronic devices during the pandemic environment.[27]

Many of them have the ability to manipulate the latest technology to freely connect with the world, and their strongly “tuned-in” and “outgoing” consciousness to promote themselves,[28] they view the world very differently to their forebears and to live and work with social networking media such as X (formerly Twitter), lnstagram, Facebook, and TikTok they accept this new form of work environment without resistance. They also value their own private life at their own pace and have little resistance to new ways of working, such as gig work.[29] Furthermore, while they focus on efficiency, such as how much performance and convenience can be obtained for the cost (price),[30] they are de-

growth oriented and are shifting their value criteria from quantity (growth) to quality (development).

Gen. Z tends to place a high value on human prosperity and quality of life, and are very concerned about environmental issues, social inequality, and human rights, and to respect and embrace individuality and diversity. Would this not indicate that they are in fact perfectly prepared for the post growth era? They are also said to be highly flexible, easily adaptable to change and open to new ideas and particularly new technologies. It is undeniable that this trend has grown up along with the improvement of the employment situation under the "Abenomics（Economic Conditions under Abe administration in Japan）" and the spread of phenomena such as work-life balance.[31] At any rate, it is certain that they are a new type of homo sapiens suited for the new age.

After more than 30 years of transition, spanning the Heisei and Reiwa eras, it is important to take their characteristics into consideration when leading Gen. Z, which will play a leading role in the slowdown era. Even if a Showa-based vision or direction is presented to them with economic prosperity and growth as basic indicators, it may be difficult for them to find their own meaning or existence in it. This is because they may not be able to avoid the diminishing results of economic indicators in a slowdown era, and the economic incentives (extrinsic motivation) they are given are likely to be much less than before. In addition, their contribution to the establishment of mechanisms that bring economic benefits may not be a major issue for them. If they place more importance on spiritual well-being, good social relations, are less focused on consumption and growth and gain satisfaction from the natural environment, or self-fulfillment and self-seeking than on economic benefits, the challenge will be how to construct mechanisms that create non-economic benefits.[32]

The leadership style required in the age of slowdown is to look at an

organization or group more holistically, consider the relationships among the various components and stakeholders, form a vision that cannot be measured by KPIs in use from the conventional “growth era”, economic indicators such as efficiency or effectiveness, and motivate human resources to achieve that vision.

The slowdown apparent in the 2025 era would dictate the emergence of a new leadership style that differs from the Showa-derived style that dominated the Heisei era.

## 4. Transition of the times and the essentials of leadership

In concluding this chapter, we will revisit the reality of the symbols of transition and consider the essentials of the leadership style required as the slowdown phenomenon spreads across the world.

### (1) Symbols of transition

On May 5, 2023, World Health Organization (WHO) Director-General Tedros announced that the new corona “has moved from an emergency to a phase of control in parallel with the response to other infectious diseases.”[33] This is the end of the “public health emergency of international concern” that was issued in January 2020. During the three years and three months of the pandemic, more than 765 million people worldwide were infected, and more than 7 million people died. However, the declaration of an end to the state of emergency does not mean that concerns about Covid-19 infections have been eliminated. While there is no guarantee that another state of emergency will be declared, many countries have already significantly eased their countermeasures. The door to the “new normal” of global pandemics and other disruptive changes (wild-fires in Canada, USA Australia and Europe, catastrophic flooding in the USA, India and China) has become the “new normal” on a global scale.

One of the social changes brought about by the pandemic is the addition of new options to communication and relationship-building methods that used to require face-to-face interaction. Not only has there been less resistance to remote working and remote teaching, but the necessity of face-to-face interaction is also diminishing in areas where it was once thought to be difficult to build relationships without face-to-face interaction. In addition, as communication that does not presuppose face-to-face contact becomes more prevalent and it becomes possible to construct different types of relationships than before, new types of relationships are being explored. However, these changes did not begin with the Covid-19 pandemic. Rather, they are the result of various changes in social structure that occurred around this time, with globalization and informatization as key enablers. In other words, the arrival of the new normal and the pandemic coincidentally occurred at the same time, which in part perhaps hid the arrival of the "slowdown" from society at large. In short, the pandemic should be considered only one of the symbolic events and as a marker for the start of the new era.

Equally symbolic was the Russian invasion of Ukraine on February 24, 2022, during the pandemic. Although foreshadowed by the unilateral annexation of Crimea in 2014, the military invasion was a direct attempt for Russia to annex parts of Ukraine that it had long coveted. Although foreshadowed by the unilateral annexation of Crimea in 2014, Russia's military invasion took the world, NATO and its allies by surprise, none had forecast the full-scale development of direct interstate fighting in Europe, which had largely been at peace for 78 years since WW II. The possibility of a world war, which had declined significantly after the collapse of the Cold War, was once again on the rise. A prolonged war between the countries of the "East," which had made up the former Soviet Union, unfolded under a "NATO v. Russia" confrontation reminiscent of the Cold War era. And the countries of the "East," which, are strongly threatened by the hegemonic actions

and violence bought forth by Putin's Russia.

It was thought that border-lessness and flattening would further evolve with the globalization that has progressed across the 21st century. However, the world has learned that this was a mere illusion. The world is becoming even more unstable, as nations are ruled by doubts and fears, competing and cooperating over resources, energy, and food. Witness Ethiopia's new Dam, the Grand Ethiopian Renaissance Dam (GERD) which is significantly disrupting the water supply of Sudan and Egypt (who has threatened military intervention over the issue). India, which is expected to achieve remarkable economic growth in opposition to the existing advanced nations of Japan, the U.S., and Europe, and China, whose economic growth is beginning to plateau, have become active participants in the struggle for supremacy. In the periphery, the emerging countries of the Global South are beginning to flex their economic muscle, and the world appears to be moving toward the formation of a new order.

In addition, the division of the Eurasian continent has simultaneously ignited a region that has not been so visible under the pandemic. The Palestinian Hamas uprising and recent war with Israel, combined with Iran and Syria, has brought the Middle East into a state of flux, and the more than 75-year-long Palestinian problem has made the future of the region even more uncertain. The hope for the Oslo Accords (1993), for which Yitzhak Rahib, Shimon Peres and Yassar Arafat won the Nobel Peace Prize, have become a mirage,[34] and the world's divisions and rifts are becoming deeper and more complex in the face of the New Normal and seems to be increasing, not abating.

In addition to "pandemics" and "global fragmentation, " a third symbolic event has occurred. The impact of ChatGPT, which had more than 100 million users worldwide in just two months after its release by Open AI, Inc. in November 2022, is no less significant than that of the pandemic and the global disruption.[35]

AI technology, which has evolved through breakthroughs in deep learning technology, has not only revolutionized business models and work practices, but has also come to impact the fields of education, the arts and politics (particularly with the advent of partisan “deepfake” videos). At this stage, AI has only limited applications, such as assisting humans in their work, but it has acquired advanced language skills that surpass those of humans and can perform a wide range of intellectual tasks. According to an estimate by Indiana University, ChatGPT could replace 95 of 126 professional jobs, or 75% of all jobs, such as medical practitioners, marketing specialists, and translators. This is significantly higher than the 5-9% of factory workers and retail clerks whose work will be replaced, and the emergence of large-scale language models could lead to job losses in a wide range of intellectual labor fields.[36] In addition, ethical issues have been raised, such as their use in cyber-attacks and Al use for military purposes.[37] The coming of the Singularity, as predicted by American futurist Karl Weitz, is no longer a pictorial reality.[38] With the rapid development of Al over the past decade, humanity is about to enter the new era of self-aware new forms of life via advanced Al achieved after 4 billion years of organic evolution.

The three symbolic events we have examined thus far, which coincidentally manifested themselves almost simultaneously, did not have a common origin or cause, nor did they occur with any manifest relationship to or between each other. They merely happened to occur coincidentally and simultaneously at a turning point in time. Moreover, around the time of these events, many countries around the world are also beginning the transition from the Great Acceleration Era to the Slowdown Era, even if they are not aware of it.

As a result of these transitions, it is certain that the leadership styles that lead companies, organizations, and society will also undergo a major transformation. Fortunately, or unfortunately, Japan, which has led the world as an advanced

slowdown nation, has already begun to transform its leadership style. Moreover, since it is ahead of other countries and regions that will face the slowdown phenomenon in the future, there is a high possibility that this will bring opportunities for Japan.

Let us conclude this chapter by discussing the essentials of the leadership style required in the new era.

### (2) Essentials of leadership in an era of Slowdown and capabilities to be strengthened

The current restart should bring about an advantageous situation for Japanese society and Japanese companies, as it is ahead of the slowdown era that is starting on a global scale. In other words, as already mentioned, the leadership style in the slowdown era requires that an organization or a company look at its entirety holistically and consider the various elements that comprise it and form a vision that cannot be measured by conventional “growth era” economic indicators. In addition, in order to realize this vision, leadership is required not only to convince and motivate diverse stakeholders, but also to build a system and mechanism for the smooth functioning of this system.

Therefore, it is essential that leadership in the new era be equipped with the following perspectives.

The first is to exercise leadership from a comprehensive and inclusive perspective.

When formulating a vision, it is vital to focus not only on short-term results, but also on a medium-to long-term perspective. In particular, companies and organizations in a slow-down era must focus on the resolution of seemingly contradictory factors such as “deepening and exploration” and “efficiency and adaptability,” and pursue the viability of the organization or company by achieving

these goals.

Second is the need for flexibility and adaptability in leadership. In the transition to the slowdown era, where innovation lacks continuity, the changes facing organizations and companies will be complex and difficult to predict. Therefore, leadership must maintain a very flexible and adaptive posture and increase organizational mobility.

The third key point required for leadership in the new era is to have a humancentered perspective. To build good relationships with all stakeholders, including employees as well as shareholders and society at large, leadership must demonstrate humanity and empathy. It is essential to achieve human-centered results such as happiness and fulfillment, not just results indicated only by economic indicators.

Fourth is the promotion of learning and growth. In this era of slowdowns, it is essential to foster a culture of continuous learning and growth. Leadership should strive to support employees in improving their skills and developing their capabilities so that the entire organization can respond to the transitions of the times. Fifth is concern for the global environment. In a world undergoing a slowdown in which business must become more sustainable, it will be important to fulfill corporate social responsibility (CSR) by considering the global environment, bringing it to the forefront, and incorporating measures into corporate activities that lead to concrete results.

In addition to these five perspectives, the most important perspective for leadership in the new era is to acquire and strengthen new thinking and communication skills.

For the creation of complex, diverse, and multifaceted information and value, information that is not expressed or communicated through economic indicators or clear numerical targets is indispensable, but in this age of slowdown, it is not

easy to communicate this information as a message which will be understood and acted upon.

Therefore, advanced and precise communication skills as well as the ability to devise with innovative solutions are necessary to demonstrate leadership.

Thus, in a society where the Gen. Z and Alpha generation play the leading roles where the slowdown phenomenon is the norm, a different leadership style is required, and at the same time, the development of skills for this style is required. To quote Bob Dylan from his 1963 hit “The times, they are a changing” and to succeed, we must change with them.

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1 The year 2025 is the 100th year of the Showa Era, which would be the year of the Emperor Showa if he were still alive.
2 Dorling D, “Slowdown: The End of Acceleration”, (Yale University Press, 2020)
3 see above, p.16.
4 Dorling, who believed that the best way to show change is to look at it in a time series, showed the second derivative of change, i.e., change in the rate of change, by drawing a time series line (see p. 20 of the above-mentioned book). Although this method is rarely used in Western social sciences, in this paper, in order to measurethe consistency with Dorling’s assertion, we have included a graph that is familiarto us in addition to the time-series line graph. For more details on time series linegraphs, see pp. 486-492 of the previous paper. Figures 1.2, 6.2, 9.2, and 10.2 in thisreport are basically prepared in accordance with Dorling’s method. Please refer to them for reference.
5 Darling D, above, p.204
6 see above, p.140.
7 see above, p.229.
8 see above, p.234.
9 see above, p.238.
10 see above, p.241.
11 The graphs below show the N68sCd4OAnj1world average, U.S., and Chinese GDP per capita data when data are included through 2021.
12 see above, pp.69-71
13 Dorling D, above, pp.71-72
14 see above, p.85.
15 see above, p.16.
16 Kohei Saito, Capitalism in the New Age, Shueisha, 2020, p.24 (in Japanese)
17 see above, p. 73.
18 In 1865, the British economist William Stanley Jevons, in his book “The Coal

problem," argued that even if technological progress allows for more efficient use of coal, it does not necessarily mean a decrease in fuel consumption. However, this does not necessarily mean that technological progress will lead to a decrease in fuel consumption.

19 K. Boulding must be one of those pessimists: "It is either a sane person or an economist who believes that exponential biography can go on forever in a finite world." K. Boulding must be one of those pessimists. (The Anthropocene, p. 38).

20 Dorling D, above, p. 49

21 see above, p. 2.

22 see above, p. 326.

23 see above, p.168.

24 The following Figure shows an international comparison of GDP and GDP per capita for Japan, the U.S., India, China, Singapore, and Vietnam as of 2022.

25 Dorling D, above, p. 327

26 Barnard C. I., a practitioner who wrote "The Role of Management" in 1938 and is considered the "father of organization theory" in the world of management studies, pointed out three components of formal organizations.

27 Experienced teaching by remote using electronic devices in either compulsory or higher education, or both.

28 For more information on the behavioral characteristics of Generation Z, see Yohei Harada, "Generation Z," Kobunsha Shinsho, 2020, pp. 4 7-91. (in Japanese)

29 A gig worker is a worker who undertakes a one-time job via the Internet, and an economy based on such workers is called a gig economy.

30 The term "cost performance" is used to describe the behavioral characteristics of Generation Z. Typical examples are the "taipa" (time performance).

31 See Yohei Harada, above, pp.47-91 for details. (in Japanese)

32 lt is to be comfortable at their own pace, and it has become difficult to try to move them with the logic of a company or other organization.

33 Nihon Keizai Shimbun, May 6, 2023, morning edition.

34 According to "The Palestinian Question in World History" (2013 Kodansha Gendai Shinsho, (in Japanese) ) , negotiations on peace between Israel and the Palestine Liberation Organization (PLO) were conducted in Oslo under the mediation of the Norwegian Foreign Minister, and an agreement was reached in September 1993. Israeli Prime Minister Yitzhak Rabin and Palestinian PLO Chairman Yasser Arafat shook hands in Washington, D.C. and signed the Declaration of Principles on Palestinian Interim Self-Government, which became the Oslo Accords. With this agreement, the Palestinian problem, which Johad caused many victims since the establishment of the State of Israel in 1948, began to move in the direction of a solution.

35 A sentence generation AI developed by Open AI, Inc. of the U.S. It is capable of automatically generating sentences and replying to questions, and can be used by individuals who are not experts in the field.

36 Nikkei Shimbun Digital, "AI Evolution to Shake the Order, Questioning the True Value of Humanity," April 18, 2023.

37 Nikkei Shimbun Digital, "AI and the Future of Employment," December 21, 2023

38　Kurzweil R, “Singularity is near”, NHK Publishing, 2016, p. 15 (Kurzweil Ray, “The singularity is near”, Loretta Barrett Books inc. 2005)

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This article is the sixth article by Professor Iwasaki and Dr. Gannon, and builds on the original ideas by Professor Iwasaki in “Message from Heisei era” in Seijo Economics No. 244, March 2024