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Issue Paper

The Paradox of Precision: Why the Digital Economy Needs 'Inefficient' Incentives to Sustain Trust- Peter Shum, Assistant Professor, Department of Economics, National Chung Cheng University

Innovation, Governance, and Competitiveness: Global AI Transformation in 2026- Derek Chiang, Assistant Research Fellow, Department of International Affairs, Taiwan Institute of Economic Research

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Issue Paper

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1. Introduction

The rapid transformation of the digital and technological landscape in 2026 marks a pivotal moment for global economies, media systems, and governance structures. This issue of Issue Paper brings together two distinct but deeply connected discussions: the worldwide industrialization of artificial intelligence and the shifting incentive systems that influence credibility in digital media. Although these fields may seem unrelated at first glance, both articles reveal a shared theme centered on how precision, scale, and technological acceleration reshape institutions and challenge long-standing mechanisms of trust.

The first article, “The Paradox of Precision,” explores a different manifestation of technological disruption. It shows how digital platforms with highly precise attribution mechanisms reshape journalistic behavior and gradually weaken institutional reputation. Using Taiwan’s deeply digitalized media environment as a case study, the paper explains how overly precise incentives encourage sensationalism, reduce substantive effort, and ultimately undermine long-term credibility.

The second article, “Innovation, Governance, and Competitiveness: Global AI Transformation Strategies in 2026,” examines how AI is moving beyond its experimental phase into large-scale industrial deployment. Governments and industries are striving to enhance economic competitiveness while simultaneously managing operational risks, labor market pressures, and rising energy demands. The analysis highlights an emerging global recognition that the next stage of AI competition is not limited to breakthroughs in algorithms or computing power. It also depends on the ability to design governance systems that support safe, inclusive, and sustainable technological expansion.

When read together, these studies illuminate a broader question. In an era increasingly defined by speed, precision, and data-driven decision making, how can societies pursue innovation while safeguarding the foundations of trust? This issue invites readers to reflect on that shared challenge.

2-1. The Paradox of Precision: Why the Digital Economy Needs 'Inefficient' Incentives to Sustain Trust

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Abstract

This paper explores the 'Paradox of Precision' in the digital media economy, focusing on the tension between individual revenue attribution and the maintenance of collective institutional reputation. Using a dynamic reputation model, I analyze how the shift from 'pooled' revenue models (traditional media) to 'precise' individual incentives (content farms) influences journalist effort and content quality. I show that when sensationalism and substantive effort are substitutes in producing reputation, hyper-precise incentives lead to an unambiguous drop in equilibrium quality. This result is driven by the 'Ratchet Effect,' where trust is easily destroyed but difficult to rebuild. Using Taiwan's highly competitive and digitalized media landscape as a case study, I argue that maintaining a degree of 'inefficient' incentive diffusion may be socially optimal for sustaining long-term institutional trust.

Keywords: Media Economics, Digital Platforms, Incentive Design, Reputation, Taiwan Media, Ratchet Effect

JEL Code: D82, L82, M52, O33

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1. Introduction

Economic theory traditionally predicts that clearer incentives and stronger accountability enhance individual effort and organizational efficiency. In his seminal paper on moral hazard in teams, Holmström (1982)[1] shows that diffused responsibility leads to under-provision of effort because individual rewards are diluted. This logic became foundational in contract theory and organizational economics, and it shaped how we think about incentives inside firms and even public agencies.

Yet, the media industry in Taiwan presents a puzzling counterexample. In traditional media outlets such as newspapers, especially Taiwan's long-established dailies, much of the revenue depends on a stable reader base and the paper's reputation for credibility. Inside the media outlet, revenue generated from sales and advertisement are mostly imprecisely shared among fellow journalists and staff. The above two observations both stem from a feature of news media that quality and popularity is not readily verifiable. Following the insight from Holmström (1982), with a balanced budget, moral hazard should be prevalent in such an organization of journalists.

In contrast, the media outlets that rely on online platforms, such as content farms, overturn this logic significantly. Each journalist's visibility and income are directly tied to the clicks or advertising revenue generated by their own posts. This precise attribution sharpens the incentives for journalists to exert effort, but is to the detriment of the credibility of the media outlet, as journalists prioritize immediate engagement over the outlet's long-term reputation by including sensationalist content. This thus far should not come as a surprise, as Holmström and Milgrom (1991)[2] discusses that in a multitask setting, the precise attribution to one task would bring harm to the hidden task, here the maintenance of the outlet's reputation.

The key observation this paper aims to explain is that while precise attribution in online media should theoretically incentivize higher effort, we often observe the opposite. Content farm articles are frequently void of substantive information, signaling a lack of effort beyond generating sensationalist appeal. This contradicts the fundamental rationale for implementing precise attribution. This paper

1. Holmström, B. (1982). Moral hazard in teams. The Bell Journal of Economics, 13(2):324–340.
2. Holmström, B. and Milgrom, P. (1991). Multitask principal-agent analyses: Incentive contracts, asset ownership, and job design. Journal of Law, Economics, and Organization, 7(Special Issue):24– 52.

investigates why these incentives backfire, moving beyond the well-documented effects of algorithms and ad-tech (Lischka, 2016[3]; Chaney et al., 2018[4]) to highlight a less-studied relationship: how attribution precision paradoxically discourages quality by undermining the maintenance of collective reputation.

This paper extends the classic team-incentive framework by embedding it within a dynamic reputation environment. In this setting, reputation is not fixed but evolves as a stock of collective credibility. It is maintained through journalists' effort but deteriorates much more rapidly once sensationalism becomes significant, echoing the Ratchet effect discussed in Mailath and Samuelson (2006)[5]. Each individual's choices of effort and sensationalism influence both current rewards and the path of future reputation. This highlights how the Ratchet effect may undermine reputation in teamworks.

Taiwan's media environment is a particularly suitable ground to validate the insights from this paper[6]. Taiwan has one of the world's highest levels of digital connectivity. More than 80% of the population uses social media, and internet penetration exceeds 90% (DataReportal, 2024[7]; TWNIC[8]). Digital exposure mechanisms are deeply woven into daily life. The Reuters Institute reports that many Taiwanese users now rely on platforms such as YouTube for news, and that clickdriven business models have become increasingly dominant (Newman et al., 2025[9]). Meanwhile, the same report also states that trust in Taiwan's news has significantly dropped to 30% .

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3. Lischka, J. A. (2016). Social network algorithms and news content autonomy in social media. Conference presentation / working paper. Institute of Mass Communication and Media Research, University of Zurich.

4. Chaney, A. J.-B., Stewart, B. M., and Engelhardt, B. E. (2018). How algorithmic confounding in recommendation systems increases homogeneity and decreases utility. Proceedings of the 12th ACM Conference on Recommender Systems. Earlier version: arXiv:1710.11214.

5. Mailath, G. J. and Samuelson, L. (2006). Repeated Games and Reputations: Long-Run Relationships. Oxford University Press, Oxford.

6. The project was initially motivated by contrasts I observed between Taiwan's media environment and international systems.

7. DataReportal, K. . (2024). Digital 2024: Taiwan. Technical report, DataReportal. Accessed 202507.

8. (TWNIC), T. N. I. C. (2024). Taiwan internet report 2024. Technical report, TWNIC. Accessed 2025-07.

9. Newman, N., Ross Arguedas, A., Robertson, C. T., Nielsen, R. K., and Fletcher, R. (2025). Digital news report 2025: Taiwan country chapter. Technical report, Reuters Institute for the Study of Journalism. Accessed 2025-06.

Reporters Without Borders observes that while Taiwan enjoys strong formal media freedom, the domestic news environment is highly competitive and politically polarized, with major outlets aligned along partisan lines and revenue increasingly dependent on online advertising (Borders, 2024[10]). Because of Taiwan's geopolitical position, the island has also been a repeated target of disinformation campaigns and the spread of sensational or manipulative content. The tension between maintaining credibility and chasing visibility is not merely theoretical. It shapes the everyday editorial and economic decisions of Taiwan's media organizations.

1.1. Innovation and Policy Implication

The main idea of the model is to connect two kinds of free-riding: one on revenue and another on reputation. In a normal team setting, people free-ride on revenue because their own effort has only a small effect on the total outcome. Making attribution more precise usually fixes that, since it lets each person see more clearly how their work translates into payoffs. But that same precision changes how they think about the shared reputation of the organization. Reputation builds up slowly but can collapse very quickly once credibility slips. Short-term actions can therefore have long-term consequences that are hard to undo. Because any loss in reputation is shared by everyone, each person has a reason to take advantage of the accumulated trust now and leave the cost to the future.

This makes reputation different from an ordinary common resource. It is much easier to destroy than to rebuild. When rewards are tied too closely to short-term results, people start chasing immediate sensation instead of credibility. Even with better monitoring, the total effort to maintain the common reputation can fall. The model suggests that sometimes, keeping rewards a bit diffused can actually help. Sharing the returns softens short-term opportunism and encourages everyone to care about the longer run.

The point is not that precision is always bad, but that when the asset is collective and slow to recover, some diffusion in incentives can do more good than harm. In the following, this paper tries to show when this happens and why.

10. Borders, R. W. (2024). Taiwan country report – freedom on the net 2024. https://freedomhouse. org/country/taiwan/freedom-net/2024. Accessed 2025-07.

2. Model

This paper is based on a model that aims to capture a few industry-specific features of media outlets. The media outlet has a reputation stock, *R*, that evolves over time. The evolution of *R* depends on two per-period choices made by each journalist, their efforts, *e*, and their chosen degrees of sensationalism, *s*. Effort enhances reputation and sensationalism hurts reputation. Effort is costly, while sensationalism needs not to be. A key assumption is that the reputation stock belongs to the whole media outlet is shared among all journalists. This assumption comes from the observation that people rarely care about, if at all, the writer of an article, but rather choose what they read by the name of the media outlet.

In every period, reputation R and sensationalism s contribute to the period revenue Π. In the revenue pooling settings as in traditional newspapers, the revenue is shared among all journalists as much as the reputation. While in the digital settings such as content farms, the revenue is distributed in accordance to the clicks each and every article gathered, which comes from a combination of both the collective reputation and the individual choice of sensationalism. This contrast between source of revenue brings the key result in the model. Figure 1 illustrates the dynamic mechanism.

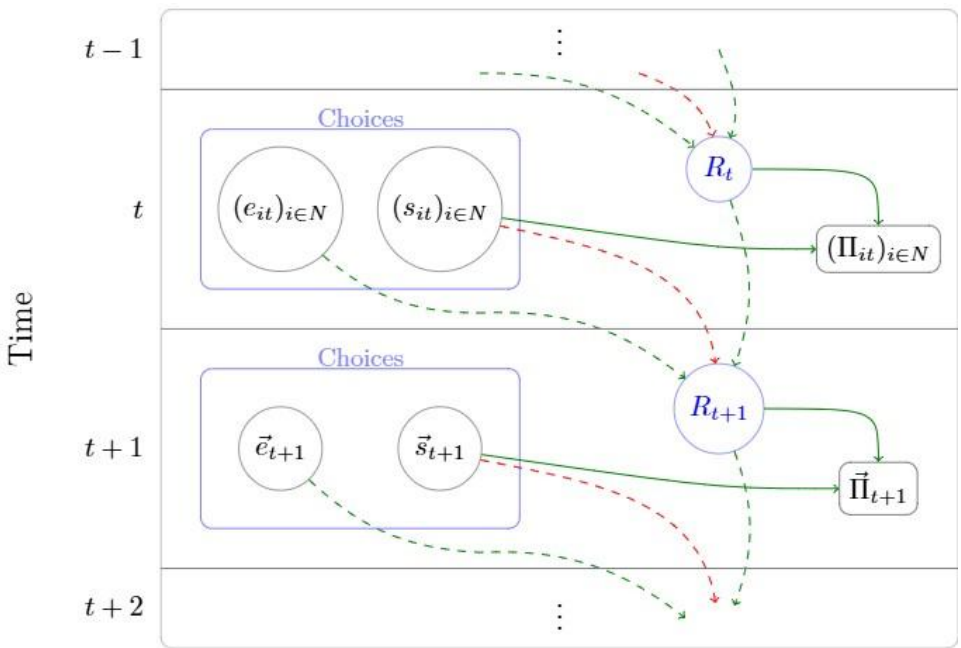

Figure 1: Illustration of the dynamic mechanism of the model. A green arrow refers to a positive effect, and a red arrow refers to a negative effect. A dashed arrow refers to an intertemporal effect.

It is worth noting that sensationalism does not embody the key comparative statics of this model. The main goal of this model is to illustrate how effort may drop under precise incentives. I also remain agnostic about the welfare implications of sensationalism, as arguments could be made that sensationalism brings beneficial entertainment values. However, this paper mainly concerns the resulting level of effort by the journalists .

In classical teamwork framework, depending on the functional forms, multiplicity of equilibrium may arise as the best effort and sensational level of any journalist would depend on the choices of other journalists. Credits to the dynamic settings, I focus on the steady state equilibrium, i.e. the level of effort and sensational level that journalists are willing to choose in every period, given the last period's level of reputation.

3. Key Results

The most important results of this paper could be summarized as follows.

Theorem. Under regularity conditions, the following holds:

1. Steady state sensationalism increases with attribution precision.

2. Steady state effort decreases with attribution precision, if and only if sensationalism and effort contribute to reputation submodularly, i.e. higher sensationalism reduces the marginal accumulation of capital by effort.

3. Steady state reputation decreases unambiguously with attribution precision when sensationalism and effort contribute to reputation submodularly.

The first result is the formalization of the qualitative prediction that sharper incentives for individual revenue attribution intensify free-riding on reputation. This result echoes the findings of Holmström (1982), except that sensationalism harms reputation instead of accumulating reputation to the media outlet.

The second result is the key finding. Under the settings of the model, the most important factor that determines whether the precise attribution of revenue leads to lower effort from journalists is how sensationalism interacts with the effort in the maintanence of reputation. If sensationalism decreases the marginal contribution of effort on reputation, then having higher precise incentives would weaken

contribution effort. In contrast, if higher sensationalism promotes the marginal contribution of effort on reputation, then equilibrium effort would increase.

The intuition is rather simple. In the case when effort and sensationalism do not interact in the production of reputation, sensationalism is also independent to revenue in terms of incentives. Every journalist is more incentivized to create sensationalist content, but they may also put in considerable effort in order to capture the marginal contribution from effort. However, when higher sensationalism actually dampens the effect of effort in reputation production, it discourages the investment in effort.

This highlights the key feature in the news media industry that may lead to the backfire of precise incentives. The Ratchet effect of reputation is a well-documented phenomenon Mailath and Samuelson (2006). This refers to a common finding that reputation is very easy to destroy, but difficult to accumulate. In this model, the Ratchet effect manifests in that sensationalism, which harms reputation, is doubled down by the submodularity in the production of reputation. Not only that higher sensationalism itself weakens reputation, it also reduces the effect of effort in producing reputation, and thus indirectly harming reputation even more.

The third result sheds light on the welfare of the news outlet as a whole. Not only that the readers are harmed from the lower quality output from the news outlet, the news outlet themselves are harmed by the reputation from precise attribution of income. Note that when effort and sensationalism interact supermodularly in reputation production, the effect on equilibrium reputation is ambiguous. This highlights that even if the Ratchet effect of reputation is not present, attributing revenue precisely may not result in a better standing of the media outlet.

4. Discussion

While precise incentives based on the signal of individual contribution to revenue often promotes individual effort and alleviates free-riding in teamwork, this paper establishes a mechanism in which more precise incentive structure could be worse than ‘inefficient’ revenue pooling. A key assumption is that revenue is only indirectly tied to effort via intertemporal accumulation of reputation. What is also directly contributing to revenue is the level of sensationalism, and the interaction between effort and sensationalism in reputation production is the key determinant of resulting effectiveness of precise attribution.

In reality, while internal editorial oversight exists in many organizations, the rapid-fire nature of digital content production often creates a ‘monitoring gap’ where revenue-driven metrics become the de facto primary incentive. However, even when editorial oversight is present the result in a general model would be ambiguous, this paper highlights a channel where precise revenue attribution might backfire.

4.1 Strategy Recommendation

If the ‘Paradox of Precision’ holds, then the push for total transparency in individual performance is a trap. To save the media ecosystem, Taiwan’s outlets must deliberately preserve certain ‘inefficiencies.’ This starts with reintroducing institutional buffers, like base salaries and collective revenue pools, that act as a shock absorber. By dampening the impact of virality on a journalist’s incentive, we provide the insurance necessary to prioritize credibility.

Furthermore, the obsession with real-time metrics from online media outlets needs a correction. A click is a high-precision but low-quality signal. Moving forward, newsrooms should pivot toward post-hoc indicators of trust: reader retention, correction rates, and long-term engagement. These are harder to measure and even harder to attribute to an individual journalist, but that is precisely the point. By blurring the line of individual attribution, we force a return to collective responsibility.

In the digital economy, ‘inefficiency’ in pay might just be the more efficient way to sustain a brand.

Taiwan’s media crisis is not a lack of data or talent, but a surplus of the wrong kind of precision. Safeguarding institutional trust may require us to embrace a degree of ‘inefficient’ revenue sharing as a necessary cost for long-term sustainability.

2-2. Innovation, Governance, and Competitiveness: Global AI Transformation in 2026

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The AI Industrialization in the Global Economy

AI is entering a decisive new phase in its global development. As United Nations Secretary-General António Guterres noted in early 2026, "AI is moving at the speed of light," reflecting both rapid technological breakthroughs and the accelerating pace of policy responses around the world. Over the past two years, international discussions about AI have gradually evolved. While policy debates in 2025 were largely centered on identifying risks and establishing initial governance frameworks, the global community increasingly recognizes that AI is moving beyond an experimental technological stage and entering a period of large-scale economic and societal transformation. Governments, industries, and international organizations are therefore shifting their attention from simply managing technological risks to exploring how AI can be deployed at scale while maintaining responsible governance and public trust.

In this emerging phase, AI is no longer confined primarily to digital services such as text generation, image production, and knowledge-based workflows. Instead, AI technologies are increasingly embedded within the physical economy. Applications in manufacturing systems, logistics networks, energy infrastructure, healthcare services, and industrial robotics are expanding rapidly. This shift represents what can be described as the "industrialization of AI," in which AI becomes deeply integrated into physical production systems and critical infrastructure. In smart factories, for example, AI systems can optimize production processes, monitor equipment performance, and predict maintenance needs in real time. In logistics and supply chain management, AI enables dynamic routing, automated inventory management, and improved demand forecasting. The economic implications of this transition are now empirically measurable. According to PwC's "Industrial Manufacturing's Race to

2030" report[1], approximately 26% of manufacturing activities were highly dependent on advanced technologies in 2026, a figure projected to rise to 68% by 2030. Across the value chain, AI penetration in production and operations, as well as in product design and development, is expected to reach 76% and 72%. Nvidia's 2026 "State of AI" report[2] also indicates that 64 percent of surveyed companies have already embedded AI into their daily operations. Among them, 30 percent report that AI adoption has contributed to revenue growth of more than 10 percent, suggesting that AI is increasingly evolving from an experimental technology into a core driver of operational performance and business value creation.

AI systems are increasingly capable of augmenting human decision-making by processing vast amounts of complex data and identifying patterns beyond the limits of traditional analysis. They also reduce capability gaps between workers with different levels of expertise by providing real-time guidance and decision support. For instance, AI-assisted diagnostic tools can help medical professionals interpret medical images more accurately, while intelligent design systems can support engineers in developing more efficient industrial solutions. At the organizational level, AI can automate large volumes of administrative and operational tasks, allowing companies to improve efficiency while reallocating human resources toward higher-value activities. These activities may include innovation, strategic planning, and more personalized forms of customer engagement.

Importantly, the adoption of AI does not simply imply replacing human labor with machines. Rather, it is redefining the relationship between humans and technology through new forms of human–machine collaboration. In such arrangements, AI performs tasks involving large-scale data processing, pattern recognition, and operational optimization, while humans retain responsibility for strategic judgment, ethical oversight, and creative problem-solving. This complementary model allows organizations to combine the analytical power of AI with the contextual understanding and values-based reasoning of human decision-makers. As AI systems become more widely deployed across industries, the effectiveness of these human–machine partnerships will become a key determinant of organizational productivity and innovation.

The Evolution of AI Governance

As AI systems expand into real-world operations and industrial environments, the nature of

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1. Industrial Manufacturers to More Than Double Automation of Key Processes by 2030, PwC, February 27, 2026, https://www.pwc.com/gx/en/news-room/press-releases/2026/pwc-global-industrial-manufacturing-sector-outlook.html

2. How AI Is Driving Revenue, Cutting Costs and Boosting Productivity, NVIDIA, March 2026, https://blogs.nvidia.com/blog/state-of-ai-report-2026/

governance challenges is also changing. Earlier debates about AI governance often focused primarily on ethical principles, algorithmic bias, or transparency requirements. However, when AI directly interacts with industrial machinery, energy systems, or logistics infrastructure, failures can produce tangible operational disruptions and safety risks. In such contexts, governance can no longer rely solely on regulatory compliance or ethical guidelines. Instead, it must also incorporate engineering standards, system monitoring mechanisms, and operational risk management.

This shift highlights the need for a more comprehensive form of AI operational governance, integrating regulatory frameworks with technical design and industrial processes. Governments and companies must develop mechanisms that allow continuous monitoring of AI system behavior, real-time risk detection, and adaptive regulatory responses. In many cases, this may require new forms of collaboration between policymakers, engineers, industry operators, and safety experts. Establishing these governance mechanisms will be essential to ensuring that AI can be deployed safely in large-scale industrial systems and critical infrastructure.

Against this background, global discussions on AI governance are undergoing an important conceptual transformation. Increasingly, policymakers view governance not as a constraint on innovation but as a critical enabling framework that supports the large-scale deployment of AI technologies. This perspective was clearly reflected during the World Economic Forum Annual Meeting held in Davos in January 2026. Participants widely emphasized that well-designed governance structures can provide institutional stability, reduce uncertainty, and encourage investment in emerging technologies. By establishing clear rules for data governance, risk management, and accountability, governments and organizations can create conditions that allow AI innovation to scale while maintaining public trust.

This evolving policy thinking reflects a broader shift in the nature of global technological competition. During the early stages of the AI revolution, competition was largely framed in terms of technological breakthroughs, research capabilities, and computing power. Today, the next phase of global competition increasingly revolves around the capacity of economies to build governance systems capable of scaling AI safely and efficiently. Economies that can establish reliable regulatory frameworks, transparent data governance systems, and effective risk management mechanisms are likely to attract greater investment and innovation in the AI sector.

Global and Regional Dynamics in AI Governance and Development

Recent international policy forums illustrate how this transformation is unfolding. The fourth global AI summit, hosted by India in February 2026, emphasized the theme "People, Planet, and Progress," highlighting the need to align AI development with broader social and economic objectives. The summit produced the "New Delhi Declaration," which introduced the concept of the "Seven Chakras of AI Impact." These policy pillars emphasize democratizing access to AI resources, strengthening international scientific collaboration, promoting AI applications in public sectors such as healthcare and agriculture, expanding educational opportunities, developing human capital, and building resilient and energy-efficient digital infrastructure. Together, these priorities demonstrate that the focus of international AI governance is gradually expanding beyond risk mitigation toward enabling inclusive and sustainable innovation.

Notably, the summit also revealed important shifts in the global geopolitical landscape of AI development. For much of the past decade, AI competition has been dominated by the United States and China, both of which possess significant advantages in technological innovation, computing resources, and digital platforms. However, a growing number of emerging economies are beginning to assert a more active role in shaping the global AI ecosystem. This emerging "third pole" of AI development—often associated with countries across the Global South—emphasizes the importance of AI sovereignty, local language technologies, and inclusive access to digital infrastructure.

Many of these economies are promoting the development of domestic AI capabilities through initiatives such as open data platforms, digital public infrastructure, and international research partnerships. Rather than competing directly with large technology companies on frontier model development, these strategies aim to ensure that AI systems can be adapted to local cultural contexts, languages, and public service needs. In this sense, AI is increasingly viewed not only as a technological resource but also as a strategic policy instrument for strengthening digital sovereignty, enhancing economic resilience, and supporting national development strategies.

Regional organizations are also playing a growing role in shaping AI governance and cooperation. Taking the Asia-Pacific region as an example, diverse models of AI development and governance are emerging. The Association of Southeast Asian Nations (ASEAN), for example, has promoted the implementation of the "ASEAN Guide on AI Ethics and Governance", which emphasizes policy guidance, capacity building, and voluntary standards rather than rigid regulatory mandates.

This development-oriented governance approach reflects the economic conditions of many ASEAN member states, where the priority is to encourage technological adoption while avoiding regulatory frameworks that might inadvertently constrain innovation.

Similarly, the Asia-Pacific Economic Cooperation (APEC) has expanded efforts to support AI capacity building across member economies. Initiatives such as the proposed "APEC AI Initiative 2026–2030" focus on policy dialogue, technical cooperation, and knowledge sharing. Through workshops, research collaboration, and training programs, these initiatives aim to strengthen AI readiness across the region while narrowing digital capability gaps among economies at different stages of development.

Key Challenges and the Road Ahead

While artificial intelligence is widely regarded as a major driver of future global economic growth, several structural challenges warrant particular attention as AI enters a phase of large-scale industrial deployment. First, the rapid industrialization of AI is closely linked to rising demands for energy and computing resources. Training and operating advanced AI models require large-scale data centers, high-performance chips, and continuous electricity supply. As AI applications expand across manufacturing, logistics, and public infrastructure, the energy intensity of digital systems is likely to increase significantly. This raises an important policy question: whether energy infrastructure and power availability could become a new bottleneck for national AI competitiveness. In several economies, concerns have already emerged regarding the sustainability of electricity supply for data centers and high-performance computing clusters. The availability of renewable energy, grid stability, and energy-efficient computing technologies may therefore become key strategic factors shaping the future geography of AI development. Economies that can simultaneously expand computing capacity while ensuring sustainable energy supply may gain an important advantage in the global AI race. Second, the social and labor market implications of AI adoption remain a significant governance challenge. While AI has the potential to enhance productivity and create new economic opportunities, it is also generating increasing pressure on certain categories of employment. In particular, many middle-skill administrative and routine cognitive jobs—such as clerical work, customer support, and basic data analysis—are becoming more vulnerable to automation. By 2026, a growing number of organizations have begun restructuring their operations around AI-assisted systems, leading to workforce adjustments in administrative and support functions. Although new types of jobs will likely emerge in areas such as AI

development, system management, and digital services, the transition process may create short- to medium-term disruptions in labor markets.

From a policy perspective, managing this transition will require more proactive economic governance. Without adequate policy responses, the productivity gains generated by AI could be accompanied by widening income inequality and social tensions. Ensuring that the benefits of AI-driven economic transformation are broadly shared will therefore remain an important challenge for policymakers in the years ahead.

Looking ahead, the next phase of global AI competition will not be determined solely by who develops the most advanced algorithms or the largest computing infrastructure. Rather, it will depend on which economies are able to construct governance frameworks that support large-scale technological deployment while maintaining public trust and institutional stability. In this sense, innovation and governance should not be viewed as opposing forces but as mutually reinforcing components of sustainable technological development. Countries that can maintain a dynamic balance between these two dimensions—and that can foster international cooperation while strengthening domestic capabilities—are likely to play a leading role in shaping the future global digital economy.

3. Conclusion

The articles in this issue underscore an important insight: as technology becomes more deeply integrated into economic and social systems, the structure of incentives and governance becomes as crucial as innovation itself. Whether within industrial AI ecosystems or digital media platforms, the unintended consequences of technological progress often arise from the choices institutions make regarding deployment, oversight, and reward systems rather than from the technologies in isolation.

The media environment described in “The Paradox of Precision” reflects a parallel dynamic. In this context, overly precise attribution of individual performance appears efficient on the surface but can erode the collective integrity that news organizations rely on. Reputation is a shared asset that deteriorates quickly when short-term incentives overpower professional norms and collective responsibility. The findings suggest that sustainable digital ecosystems may require a deliberate reintroduction of incentive diffusion in order to preserve trust.

The global AI landscape demonstrates this clearly. Nations that once concentrated on research breakthroughs now face more complex challenges involving energy-intensive infrastructure, labor market transitions, and operational risks created by autonomous systems. A growing number of policymakers recognize that innovation and governance cannot be separated. Meaningful progress requires governance frameworks that both support large-scale AI deployment and provide safety, stability, and societal benefit.

Both articles point toward a common lesson. Societies must reconsider the relationship between precision, scale, and trust. In both AI development and media production, the path forward is not defined by maximizing technological efficiency at any cost. Instead, it depends on building systems that balance innovation with resilience and long-term credibility. As technological change accelerates, this balance will determine whether institutions evolve constructively or fragment under pressure.

Reader Survey