

The Rapid Rise of Digital Economy and Macroeconomic Stability in China after the Epidemic

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Abstract: In the 21st century, the digital economy has gradually become a new driving force for global economic growth. The COVID-19 pandemic has accelerated this trend, forcing countries to quickly adjust their economic strategies to adapt to the new challenges brought by the epidemic. This article focuses on the rapid rise of China's digital economy after the epidemic and its impact on macroeconomic stability. Firstly, this article defines the digital economy and emphasizes its core characteristics in modern society, such as high automation, low marginal costs, and cross-border integration. Subsequently, the importance of the digital economy in the context of the epidemic was analyzed, especially the key roles of online office, remote healthcare, e-commerce, and other fields in the epidemic. In summary, China's digital economy has not only rapidly risen after the epidemic, but also made significant contributions to the stability of the national economy at the macro level. This development provides useful reference for other countries in dealing with similar crises, and also indicates the key position of the digital economy in the future global economy.

Keywords: After the epidemic, China's digital economy has rapidly risen and macroeconomic stability has been achieved.

1. Introduction

With the rapid technological progress in the 21st century, digital economy has gradually become the new engine of global economic development. This change has become more and more obvious in recent years, especially after the outbreak of COVID-19, countries have been forced to adjust their economic strategies quickly to adapt to new challenges. In this context, China, as the second largest economy in the world, is particularly important in coping with and choosing strategies for the digital economy, which is usually defined as economic activities based on digital computing technology, including digital products, services and modes of production. Compared with the traditional economy, it relies more on data, information and Internet technology, and its characteristics include high automation, strong expansibility, low marginal cost and cross-border integration [2]. COVID-19 epidemic has had a profound impact on the global economy. The epidemic has caused a huge economic impact on a global scale, but it has also accelerated the development of some industries and fields, especially the digital economy in China. With blockade and social isolation becoming the norm, digital services and solutions such as online office, telemedicine and e-commerce have become the key to social operation [3]. This rapid digital transformation has provided new impetus and direction for China's economic development. In recent years, China has made remarkable achievements in many fields of digital economy. Whether it is e-commerce, mobile payment or artificial intelligence, China is in a leading position in the world. The government's strong support for digital innovation, combined with the huge market scale and Internet penetration rate, has created favorable conditions for the rapid rise of the digital economy in China [4]. With the wide application of digital technology in all walks of life, its impact on China's macro-economy has become increasingly prominent. There is a close relationship between the digital economy and China's macro-economy. The digital economy has not only brought innovation-driven growth to China, but also promoted the optimization and upgrading of the economic structure,

providing a solid support for macroeconomic stability [5-6]. From production, distribution to consumption, the digital economy has a profound impact on the traditional economic model and promotes the optimization and upgrading of the economic structure. Many traditional retailers and enterprises invest in building their own online platforms or cooperate with existing e-commerce platforms to realize online to offline business models. Enterprises have adopted cloud computing, VPN and online conference tools, such as Zoom and Nail, to support employees to work from home, thus ensuring business continuity. In order to cope with the interruption of supply chain, enterprises have accelerated the digitalization of supply chain management system to monitor and adjust the supply chain status in real time. The purpose of this paper is to deeply discuss the development trend of digital economy in China in the post-epidemic era, and how it can shape and stabilize the macro-economic structure. We will systematically analyze its significance and value to the future economic development of China from four aspects: the definition, characteristics, current situation and the relationship with the macro-economy [6].

2. The Impact of the Epidemic on China's Digital Economy

2.1. The growth of online consumption

The epidemic has caused a huge economic impact globally, but it has also accelerated the development of certain industries and fields, especially China's digital economy. The following will explore this impact in detail. Due to the policy of home quarantine, a large number of consumers have turned to online shopping platforms, and e-commerce, online shopping, contactless delivery, etc. have become the new norm in daily life. New online consumption modes such as live broadcast sales, online agricultural products market, virtual fitting and so on have come to the fore, becoming a new track in the e-commerce industry. The usage rate of mobile payment and electronic wallet has increased significantly, such as Alipay, WeChat payment, which further

strengthens the security and convenience of online transactions [8].

2.2. Digital Transformation of Traditional Enterprises

Many traditional retailers and enterprises invest in building their own online platforms or collaborate with existing e-commerce platforms to achieve an online to offline business model. Enterprises are adopting cloud computing, VPN, and online conference tools such as Zoom and DingTalk to support employees working from home, thereby ensuring business continuity. In response to supply chain disruptions, enterprises have accelerated the digitization of supply chain management systems to monitor and adjust supply chain status in real-time.

2.3. Technological Progress and Investment Growth in Digital Infrastructure

In the context of the epidemic, the deployment and application of 5G have gained new impetus. Its high speed, large bandwidth, and low latency provide possibilities for various application scenarios, such as telemedicine and unmanned driving. In epidemic prevention and control, AI and big data technology have played a key role in data collection, epidemic prediction, patient screening, and other aspects. Cloud computing has become a key infrastructure supporting remote work, online education, and a large number of online services. Large domestic cloud service providers such as Alibaba Cloud and Tencent Cloud have achieved significant business growth. Overall, although the COVID-19 pandemic has posed challenges to the Chinese economy, it has also created unprecedented opportunities for the development of the digital economy. In this process, online consumption, digital transformation of enterprises, and the construction and upgrading of digital infrastructure have all been rapidly promoted, laying a solid foundation for the future growth of China's digital economy.

3. The Influence of Digital Economy on Macroeconomic Stability

With the rapid rise of digital economy in China, its positive role in macroeconomic stability has become increasingly prominent. This chapter will discuss in depth how the digital economy can strengthen macroeconomic stability. The impact of digital economy on macroeconomic stability can be divided into four aspects, as shown in Figure 1.

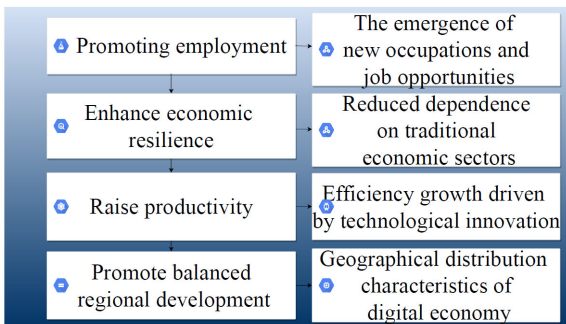


Figure 1. The influence of digital economy on macroeconomic stability

With the development of cloud computing, big data, AI and other technologies, the demand for positions such as engineers, data analysts and AI researchers in related fields has increased dramatically. New online service businesses, such as live broadcast anchor, e-commerce purchasing, online education tutor and other new occupations came into being, providing new working platforms and opportunities for the majority of the workforce. China has made remarkable progress in the field of digital economy. Whether in the fields of mobile payment, artificial intelligence or e-commerce, China is in the forefront of the world. This is due to the government's support for digital innovation, huge market scale and high Internet penetration rate. Traditional enterprises provide employees with digital skills training to better adapt to the digital working environment, thus avoiding large-scale unemployment. The digital economy has promoted the transformation of industrial structure from low added value to high added value, such as the migration from manufacturing to service industry and technology industry. Digital supply chain management enables enterprises to adjust their supply chain strategies more flexibly and reduce their dependence on a single supply source. Digital tools enable enterprises and individuals to work and start businesses anywhere, reducing dependence on specific geographical locations. AI and machine learning technology help enterprises to automate repetitive tasks and optimize production processes in real time, thus improving production efficiency. Big data analysis provides enterprises with in-depth insight, enabling them to make more informed business decisions. Cloud computing and online collaboration tools such as Teams and nailing simplify teamwork and improve work efficiency.

Due to the characteristics of digital economy, enterprises are no longer over-concentrated in big cities, which helps to alleviate the problems of congestion and over-concentration of resources in big cities. Digital tools enable rural areas to access the global market and provide new business and employment opportunities for local residents. According to their own resources and advantages, various places have formed their own digital economy innovation centers, such as hardware manufacturing in Shenzhen, e-commerce and financial technology in Hangzhou. Overall, the digital economy has made an important contribution to the macroeconomic stability of China. It not only provides a large number of employment opportunities, but also enhances economic resilience, improves productivity and promotes balanced development among regions. With the further development of digital economy in China, its positive impact on macroeconomic stability is expected to be further strengthened.

4. Policy Recommendations and Prospects

In the context of the rapid development of the digital economy, it has become an important task for decision-makers to formulate appropriate policies to further promote its healthy development while ensuring economic and social stability. The corresponding policy recommendations will be provided below, as shown in Figure 2.

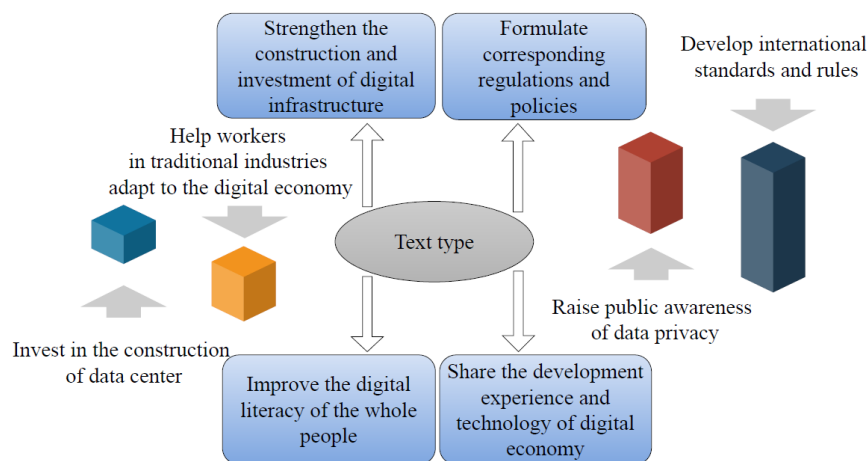


Figure 2. Policy Suggestions

In order to meet the needs of big data, remote work, and other digital services, it is necessary to further expand and optimize the coverage of high-speed broadband and 5G networks. Data center expansion: Given the growing demand for cloud computing and big data, it is recommended to further invest in the construction of data centers to meet storage and computing needs. With the growth of the digital economy, the demand for data security has also increased accordingly. Suggest increasing investment in network security technology and infrastructure. Incorporate digital skills teaching in primary and secondary education to ensure that the new generation can adapt and innovate in the digital age. To help workers in traditional industries adapt to the digital economy, digital skills training and re education opportunities are provided. Encourage universities to offer majors and courses related to the digital economy, such as data science, AI, and blockchain technology. Referring to international standards such as GDPR, formulate domestic data protection regulations to ensure the data security of enterprises and individuals. Establish specialized agencies to regulate data security and privacy in the digital economy, ensuring effective enforcement of regulations. Through public education activities, raise public awareness of data privacy and enable them to better protect their own data. Collaborate with major economies in the digital economy, such as data flow, technology exchange, and joint research and development. Actively participate in digital economy issues in international organizations such as the WTO and G20, and jointly formulate international standards and rules. Through the "the Belt and Road" initiative, share the development experience and technology of digital economy with countries along the line, and jointly promote the development of digital economy in the region. In summary, with the rapid rise of the digital economy in China, corresponding policies and strategies also need to be adjusted and improved. Through reasonable policy guidance, investment, and international cooperation, the digital economy is expected to bring greater economic growth and social development to China. Overall, although the COVID-19 pandemic has posed challenges to the Chinese economy, it has also created unprecedented opportunities for the development of the digital economy. In this process, online consumption, digital transformation of enterprises, and the construction and upgrading of digital infrastructure have all been rapidly promoted, laying a solid foundation for the future growth of China's digital economy.

5. 5 Conclusions

With the continuous progress of technology and the digital transformation of society, digital economy has gradually become an important engine of economic growth in China. From mobile payment to AI technology, from cloud computing to big data analysis, these emerging technologies not only create huge economic value, but also promote innovation and upgrading in all walks of life. The digital economy has created a lot of employment opportunities for China, especially in the fields of technology, e-commerce and online services. It not only provides more choices for the younger generation, but also helps workers in many traditional industries to transform and upgrade, thus ensuring the stability of employment in society. Digital economy has played a positive role in promoting traditional economy by improving production efficiency, optimizing supply chain and enhancing economic resilience. Its development has provided a new impetus for economic growth, but also brought stability to the macro-economy. In order to ensure the healthy development of digital economy, it is necessary to further strengthen the construction of digital infrastructure, improve the digital literacy of the whole people, formulate data protection and privacy laws and regulations, and strengthen international cooperation. In a word, the rapid rise of digital economy in China is an irreversible trend. Its sustainable development will not only promote the economic growth of China, but also provide valuable experience and demonstration for the development of global digital economy. In order to make full use of this opportunity, the government, enterprises and the public need to work together to ensure that the digital economy can bring greater benefits to China in the future.

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