



## Research on the path of digital economy to solve the fairness and efficiency problems of Chinese modernization

Daohui Li

School of Finance, Jiangxi Normal University, Nanchang, Jiangxi 330022, China.

Email: [1226472591@qq.com](mailto:1226472591@qq.com)

### Abstract

First of all, the research purpose of this paper is to solve the problem of the lack of Chinese-style modernization theory in the process of the coordinated development of efficiency and equity in the development of China's digital economy. Secondly, this paper mainly uses analogical reasoning and literature research. In the first step, by summarizing and comparing the economic theories used by Chinese researchers in the past to solve the problems of China's economic development, the problem of the lack of Chinese-style modernization theory is found. In the second step, this paper deduces the theoretical hypothesis of "synergistic cycle perpetuity theory" by collating and modifying Muir dahl's cyclic accumulation theory and David Harvey's three-level capital cycle theory. Finally, through the research of this paper, it is found that the theory of "collaborative cycle sustainability theory" hypothesis can adapt to the characteristics of the digital economy, and then effectively promote the coordinated development of efficiency and equity, which is helpful to solve the problem of equity imbalance that has emerged in the early industrial economy era of China.

### Keywords:

*Causal loop accumulation  
Chinese-style modernization  
Digital economy  
Efficiency and equity  
Three-level circulation of capital.*

### Copyright:

© 2023 by the author. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

### Publisher:

Scientific Publishing Institute

Received: 1 March 2023

Revised: 22 May 2023

Accepted: 31 May 2023

Published: 9 June 2023

**Funding:** This study received no specific financial support.

**Competing Interests:** The author declares that there are no conflicts of interests regarding the publication of this paper.

## 1. Introduction

Based on the statistics of the concluding reports of the recent CPC congresses, this paper finds that the number of mentions of "Chinese-style modernization" in official government documents has begun to exceed the number of mentions of "digital economy." Judging from the number and frequency of citations by Chinese officials, it seems that China's future development is no longer focused on the "digital economy" as it was in the past. However, through deeper research and reasoning, we found that the actual situation may be just the opposite. In China's future development plan, the digital economy has ushered in a period of decline like any other economic development cycle.

Through the sorting and analysis of the latest statistical report on the development of digital economy, it is not difficult to find that since 2012, China's network infrastructure development plan and digital economy policies to support national development have made good progress, which have promoted the formation of digital China and smart society from all aspects and levels. Moreover, by continuously playing the supporting and driving role of digital economy in China's economic and social development, the overall scale of China's digital economy has been among the top three in the world for many consecutive years (Liu, 2023). In 2022, various meetings of the central government and local governments in China proposed to further support the construction of "digital China", play the role of accelerating and strengthening the digital economy, and promote the mixed progress of online and offline economy (He, 2023). It can be seen that the era of China

today has become the era of digital economy.

There are two reasons for this. On the one hand, from the perspective of the global historical development process, digital technology and digital economy, as a new round of technology-economic paradigm (Xia, Zhou, & Xie, 2023), have become a new window to lead the world's scientific and technological revolution and economic development (Liu, 2023), and a new battlefield for the new round of development competition among countries. On the other hand, due to the global COVID-19 epidemic and other objective reasons, the real economy is limited by the uncontrollability in a special period, and the rapid development of the digital economy has an objective demand (Xu, 2022). Because of this, in the current post-epidemic era, the coordinated development and progress of China's online and offline economies have become the core of China's economic recovery and further development (Wang, 2023).

The integrated online and offline economic structure gradually formed in China is an important way to realize Chinese-style modernization (Li, Wu, & Li, 2023). Therefore, the more times "Chinese-style modernization" is emphasized in official documents or government meetings in China, the higher level of requirements for the deepening development of "digital economy" is actually put forward from a more hidden level. In short, the Chinese government wants to use the digital economy to promote Chinese-style modernization. At the same time, through the Communist Party of China's clear stipulation of the development principle of "Chinese-style modernization is the modernization of common prosperity for all people", it has also become a new Chinese consensus to use digital economy to achieve common prosperity and reduce polarization through digital economy in China.

Then the question arises: in the era of China's new digital economy, what theoretical mechanism should be used to realize Chinese-style modernization, so that digital economy can play a more positive role in Chinese-style modernization. This is exactly what I want to explore in this article.

## **2. Literature Review**

When it comes to Chinese modernization, the balance between efficiency and fairness cannot be avoided. Due to the needs of economic development, the rapid development of China's economy has been linked to the pursuit of efficiency maximization in the past, which seems to be the historical inevitability of the economic development of developing countries. Therefore, since the reform and opening up, the issue of coordinated development of efficiency and equity seems to have not been paid enough attention in the field of economic research, and this issue has just become one of the important bottlenecks restricting China's economic development (Bai, Li, & Song, 2023), and has also affected the process of Chinese modernization.

No matter from the research history of industrial economics (Liu & Yao, 2021), or the research history of regional economics (Wen, Wang, & Sun, 2022), or other economic research outside these two economic research fields, China's economic research field has always focused on "efficiency first, fairness second" and "efficiency first, giving consideration to fairness" as the focus of China's economic development research.

This part of the research literature is mainly divided into two categories: efficiency first and limited fairness

First, the vast majority of researchers are from the perspective of efficiency first (Qiu, 2022), and even only talk about efficiency regardless of fairness. The root of this reality lies in the historical limitations of the early development of China's industrial economy era. In the face of efficiency and equity issues brought about by economic development, it is a feature of the past era that China pays more attention to efficiency issues than equity issues, but it has also become a limitation of the industrial economy era. Even in the era of digital economy, such a situation still exists (Sheng & Wang, 2023).

Second, a considerable number of scholars who study the realization of equity only limit equity to the research level of income distribution, education and employment (Zhang, 2022). Under the banner of promoting efficiency with equity, its essence is still talking about efficiency. This further led to the one-sidedness of economic development research, and also created the efficiency worship in the real economic development.

On the whole, these fairness based on efficiency is obviously biased fairness. The reason is that, on the one hand, equity should not only be limited to economic equity, but also include social equity. If the integrity of equity is separated, the synergy between efficiency and equity is impossible (Quan, 2022); On the other hand, efficiency and fairness are based on each other, and the relationship between them is synergetic and mutually reinforcing (Yang & Cao, 2023). If fairness comes after efficiency, there is no equal synergy between fairness and efficiency.

The fact that efficiency is more important than fairness has always been an original issue in the early development of the industrial economy era. On the one hand, in the early stage of market economy, the existence of "economism" made efficiency the primary meaning of the existence of enterprises, industries and markets. The natural profit seeking nature of capital forced fairness to yield to efficiency (Liu, 2023); On the other hand, the long-term existence of various high costs, especially the existence of information costs and innovation costs (Huo & Ning, 2021), in a sense, has created a monopoly of the market value chain, set up various barriers for the entry of new competitors, and also prompted various economic entities in China to offset the original costs by chasing the initial efficiency, and ultimately obtain benefits beyond the cost. In order to stimulate the primitive competitive vitality of the market economy, the government has to issue a

series of efficiency protection policies and make concessions on the balance between efficiency and fairness.

However, thanks to the global dividend in the synergy stage and maturity stage of the technological economy paradigm (Carlota, 2007), the absence of the digital economy online, the non-competitiveness of big data as a key input, and the zero marginal cost of information (Zhang, 2022) have opened up new possibilities for the coordinated development of fairness and efficiency. Although the research on the coordinated development of efficiency and equity in the digital economy is still a minority, the development of the digital technology economy paradigm provides a new possibility for the existence of this coordinated development of efficiency and equity.

Facing the new era of digital economy, how should we realize the coordinated development of efficiency and fairness? Different researchers have given different opinions.

The research literature in this part is mainly divided into two categories. The first category is that the digital economy can only achieve efficiency and will expand inequality. The second category is that the digital economy can achieve efficiency and fairness at the same time.

The first kind of literature discusses that the digital economy can only achieve efficiency and will expand inequity, mainly from two aspects.

On the one hand, starting from the discussion of unbalanced regional development. The digital economy is conducive to improving the efficiency of Urban-Rural Coordination, but it does not achieve equitable development. The "digital divide" brought by the digital economy will even exacerbate the urban-rural imbalance in the short term (Zhao & Lou, 2023). On the other hand, from the stage theory of digital economy development. If the digital economy is divided into three development stages: information economy, Internet economy and new economy, the digital economy in the initial stage can only achieve efficiency and will expand inequality (Wang, 2023).

The second type of literature on the digital economy can achieve efficiency and fairness at the same time, mainly from two aspects.

On the one hand, from the research literature that pays attention to empirical analysis. From the perspective of limited equity mentioned above, some literatures suggest that the digital economy can alleviate the real problem of income inequality by increasing individual employment opportunities and improving the income level of families (Bai et al., 2023). From the perspective of the integration of informatization and industrialization, according to the empirical results of China's provincial panel data, some literatures prove that the integration of informatization and industrialization can promote the efficiency of economic growth, which is not completely contrary to the realization of equity (Xie, Liao, & Xiao, 2021).

On the other hand, according to the research literature that pays attention to theoretical analysis. Some literatures start from the analysis and construction of the mechanism of the realization of efficiency and equity in the digital economy, realize the digital governance towards common prosperity through digital empowerment and digital equity, and take the digital process as part of the systematic project to achieve common prosperity (Chen & Shi, 2022). Some literatures start from combing the application theory of digital economy. The existing digital economy theory mainly starts from the basic theories such as neoclassical economics, new institutional economics and management science. The research hotspots also mainly stay in the aspects of transformation, efficiency, platform and so on. It also puts forward the urgency of building an original digital economy theory in combination with the Chinese situation (Chen & Shi, 2022).

Although these research documents have already had the thinking prototype of the coordinated development of efficiency and equity under the new economic form, they are still essentially lack of the corresponding theoretical support of China's localized digital economy, so they cannot ultimately build a complete organic system of the coordinated development of efficiency and equity. The reason is that relying on the theoretical framework system of the efficiency theory of western economics to discuss the equity and efficiency synergy of Chinese modernization under the digital economy, we cannot get the ideal solution of Chinese modernization. Therefore, the next part of this paper will discuss the theory and mechanism construction of the coordinated development of efficiency and equity under the Chinese style modernization.

### **3. Theoretical Construction**

In order to seek the theoretical basis for Chinese modernization, on the one hand, we should jump out of the traditional western economic efficiency theory system, and on the other hand, we should explore the corresponding theories that fit the Chinese modernization from the theoretical development of modernization.

There is no opposition between efficiency and fairness, but in order to better build the collaborative development mechanism between them, we must rely on a set of effective cycle theory. Only by circulating, can we realize the coordinated development of efficiency and equity, and stimulate the vitality of efficiency and equity for the development of Chinese modernization. Starting from the logical relationship among digital economy, equity realization, modernization and Chinese practice, this paper briefly constructs a theoretical mechanism based on David Harvey's three-level capital circulation theory and murdahl's cumulative causality theory.

### *3.1. A Theoretical Review of Efficiency and Fairness in the Process of Modern Development*

The development of modernization theory has shown a trend from linearity and technological determinism towards complexity and plurality. From the initial "theory of modernization explosion" to the "theory of modernization control", and to the "theory of modernization reflection and reproduction", issues related to fairness and efficiency have gradually become the focus of attention. In the current stage of "post-modernization theory", fairness and efficiency have become the focus of many modernization theories, reflecting a rethinking of previous ideas about whether economic growth or technological progress can bring about fairness.

After going through multiple stages of development, modernization theory has achieved a shift from technological determinism to humanism, and from an emphasis on efficiency to a balanced focus on fairness and efficiency. In current research, it is still necessary to deepen the issue of realizing a balance between fairness and efficiency. The process of modernization requires more human care. While trying to improve efficiency, we need to prioritize people's well-being and achieve more fair distribution and broader development goals.

### *3.2. The Origin of David Harvey's Theory of Three-Level Capital Circulation and Modernization Theory*

The main idea of Harvey's theory of three-level capital circulation is that the operation of the capitalist economic system is composed of three cycles of capital: circulation of money capital, commodity capital, and production capital. Similar to the development trend of modernization theory, Harvey's cycle theory has departed from the linear explanation of the economic process of traditional economics to better explain the internal circulation relationship and dynamic evolution of the economic system.

Modernization theory is a systematic conception of the modernization process, and its theoretical viewpoint is to some extent compatible with Harvey's theory of three-level capital circulation. Modernization theory emphasizes the plurality and uncertainty of modernization, while Harvey's theory of three-level capital circulation focuses on the operating laws of the capitalist economic system. Objectively speaking, the promotion of the modernization process is also a process of capital expansion. By comparing and analyzing the two, it can be found that the modernization process and the circulation of capital are closely related, with capital circulation and the modernization process moving forward in mutual promotion.

### *3.3. The Possibility of Improving Harvey's Theory of Three-Level Capital Circulation*

Harvey's theory of three-level capital circulation proposes that in the process of capital urbanization, the production and creation of cities themselves are based on the logic of capitalism, that is, for the accumulation of capital and for the exploitation of labor. Therefore, the spatial production process of cities under capitalism also carries the contradictions of capitalism for this reason.

Harvey regards the circulation of industrial capital described by Marx as the first cycle and believes that the problem of over-accumulation arising from the first cycle needs to be solved in the second cycle. The second cycle of capital flows into fixed assets and consumption funds, and is actually an investment in the built environment. The third cycle is an investment in research, education, and health.

It can be seen that Harvey's theory of three-level capital circulation discusses the multi-level circulation of capital and the flow logic in production, environment, and labor reproduction. However, this theory does not incorporate macroeconomic control factors that can be implemented in socialist countries. Harvey's theory of three-level capital circulation only portrays capital as an unregulated and free entity and only discusses the profit-driven expansion of capital and its tolerance for the contradictions of capitalist society, without proposing corresponding solutions for these social contradictions. This is because of the inherent greed of capital and the Western-style modernization that prioritizes efficiency over fairness, which has been noted in the literature review.

However, Harvey's theory of three-level capital circulation not only provides a verifiable three-level framework for the escape of capital circulation, but also allows us to more intuitively discover a truth that has been repeatedly proven here, namely, that the efficiency cycle of capital must ultimately move towards the collaborative development of efficiency and fairness. This is consistent with Marx's belief that capitalism must inevitably move towards socialism.

### *3.4. Improving Harvey's Theory of Three-Level Capital Circulation through Karl Gunnar Myrdal's theory of Cyclic Accumulation Causation*

Harvey's theory of three-level capital circulation emphasizes the role of capital in economic cycles but neglects its impact on social fairness and efficiency. Therefore, an important dimension should be added - fairness and efficiency.

Karl Gunnar Myrdal's theory of cyclic accumulation causation views social-economic systems as an evolving process, wherein factors such as technology, social, economic, political, and cultural aspects are interconnected, interrelated, and causal. Efficiency and fairness are common factors in these aspects, and the cyclical accumulation causation between efficiency and fairness also holds. Karl Gunnar Myrdal's theory of cyclic accumulation causation can provide a possible theoretical basis for the co-development of efficiency and

fairness in Harvey's theory of three-level capital circulation.

This new theory can fit into the research on the path for solving the efficiency and fairness problems in China's modernization through digital economy, thanks to the characteristics of the digital economy itself and the fast circulation of digital capital.

### *3.5. The New Theory Proposes the Sustainable Synergistic Circulation Hypothesis*

Building on Karl Gunnar Myrdal's theory of cyclic accumulation and improving Harvey's theory of three-level capital circulation, this paper attempts to construct a fair and efficient circulation theory, namely the Sustainable Synergistic Circulation hypothesis in the context of the digital economy.

The research project attempts to divide capital circulation into two different levels: economic circulation and social circulation. Harvey's theory of three-level capital circulation helps to explain the process of commodity production and circulation at the economic circulation level. However, it is not entirely applicable at the social circulation level. Therefore, this study made in-depth improvements to Harvey's theory at the social circulation level.

Specifically, it is necessary to reconsider the impact of capital circulation at all levels on social fairness and efficiency. Therefore, the balance between the circulation of capital and social benefits - the unity of fairness and efficiency should be emphasized. A fair and efficient circulation should meet the requirements of fairness, efficiency, and sustainability.

Therefore, the "Sustainable Synergistic Circulation" hypothesis proposed in this study mainly includes the following aspects.

*Hypothesis 1: Both balanced efficiency and fairness at the economic and social levels will lead to more stable and efficient economic development than unbalanced efficiency and fairness.*

*Hypothesis 2: Regions with a more balanced development status of efficiency and fairness will have higher levels of economic development and economic development potential.*

*Hypothesis 3: The development trend of regions with imbalanced efficiency and fairness will be more inclined to reach a state of coordinated development of efficiency and fairness in the future.*

*Hypothesis 4: The development of the digital economy can promote the realization of coordinated development of efficiency and fairness.*

*In the following section, this paper will further elaborate on the path realization based on this theoretical framework.*

## **4. Path Mechanism**

### *4.1. Realization Logic of Digital Efficiency Promoting Fairness*

As mentioned above, the absence of the digital economy online, the fact that big data has become a key input, the non-competitiveness of information products, and the marginal cost of information tends to zero have enabled the digital economy to overcome the market problems of the traditional industrial economy. If capital needs to obtain greater benefits, it is bound to be more open and shared, which also promotes capital to pursue fairness. Through the optimization of the long tail effect and the existence of value co creation, digital economy can fully realize the cross network of industrial capital cycle and consumption capital cycle, and open up the cycle of efficiency and fairness in the three-level capital cycle.

Under the condition of digital economy, the key problem of industrial organization is no longer the structure and efficiency of the market, but strategic new unfair behaviors such as refusing to trade, killer mergers and acquisitions, self-preferential treatment, pricing differentiation and vicious subsidies, which are just the embodiment of the problems of consumption equity and production equity. The main reason for the formation of these new behaviors is that they are largely led by the market.

This means that the government can have more room for digital equity in the era of digital economy. On the basis of adhering to and strengthening the important role of the digital economy system, the government can continue to improve the development concept and mode, focus on major institutional innovation, lead the modernization of China's digital economy industry to the fair modernization of the digital economy through theoretical innovation and system creation, and build a major advantage of the socialist system with Chinese characteristics again.

### *4.2. The Practical Logic of Digital Economy Embedded in China's Modernization*

According to the evaluation scale of "real people", it is obvious that the realization of fairness must be implemented through "people first". Through the interpretation of China's experience in improving basic public services since the 18th National Congress of the Communist Party of China and how to realize "people first", we can find that in the past, China has promoted equalization from multiple levels by improving the level gradient of basic public services through special planning, constructing a new standard system, and connecting the imbalance between supply and demand through sustainable resource security and supply side reform, The weak point of collaborative development of urban and rural construction, with the help of digital empowerment to achieve precise policy formulation, and to build a set of effective supervision, management and evaluation mechanism, can complete the Chinese practice that has made outstanding achievements in the

field of people's livelihood and the overall construction of the country, and let the path of socialism with Chinese characteristics reflect the reality.

In order to make people's sense of gain, happiness and security richer, more secure and more sustainable, we must keep up with the times and give full play to the late developing advantages of developing countries. The great achievements of China in the past have revealed the basic experience that the Communist Party of China can transform the advantages of the system into the efficiency of people's livelihood governance, that is, adhere to the Chinese style modernization practice principle of "people first".

#### *4.3. Cycle Accumulation Theory and Domestic Big Cycle*

The theory of three-level capital circulation accumulation also provides a theoretical basis for us to analyze the internal logic and implementation path of unblocking the domestic circulation. The synergy mechanism of efficiency and fairness must also be placed under the domestic big cycle system in order to play a better role.

According to Marx's industrial capital circulation theory and David Harvey's three-level capital circulation theory, combined with the economic practice of socialism with Chinese characteristics, a systematic analysis framework of "industrial capital circulation - Environmental circulation - public capital circulation" can be constructed. The structural imbalance in different cycle stages will hinder the development of the national economy. To achieve a virtuous cycle of the national economy in the long run, we should follow the internal improvement idea of "technological innovation investment upgrading system reform" step by step (Han, Peng, & He, 2022).

According to this theory, under the conditions of the domestic large-scale cycle of Chinese modernization, enterprises can drive the optimization of industrial structure through technological innovation under the primary cycle, realize the process of continuous movement and circulation of industrial capital, and then realize the investment upgrading of enterprises under the secondary cycle to lead the construction of the construction environment, and finally help high-quality development through the system reform of the third cycle led by the government, Build a sustainable economic ecosystem that takes equity and efficiency into account.

#### *4.4. Implementation Path of the "Sustainable Synergistic Circulation" Hypothesis*

For hypothesis one, that balanced efficiency and fairness at the economic and social levels lead to more stable and efficient economic development than unbalanced efficiency and fairness, the reduction in information and transaction costs in the digital economy allows for more effective allocation of market and social resources, thereby improving the overall economic efficiency and promoting the fair distribution of wealth.

For hypothesis two, regions with a more balanced development status of efficiency and fairness will have higher levels of economic development and economic development potential. The development of the digital economy can promote market competition and innovation, reduce the number and cost of intermediaries, lower transaction costs, and improve economic efficiency. At the same time, the digital economy can promote the efficient provision of social public services, improving the utilization of social public resources, and promoting sustainable development.

Hypothesis three suggests that regions with imbalanced efficiency and fairness are more likely to move towards a state of coordinated development of efficiency and fairness in the future. With the continuous development of the digital economy and the increasing awareness of environmental protection, sustainable development, and social fairness, more and more people and enterprises are paying more attention to balancing economic efficiency and fairness, thus gradually achieving social balance and sustainable development.

For hypothesis four, the development of the digital economy can promote the realization of coordinated development of efficiency and fairness. The development of the digital economy provides more efficient and low-cost business models and forms, effectively reducing transaction and information costs of the market, thereby improving market efficiency and fairness. In addition, the digital economy also provides governments and other social organizations with new ways and tools to achieve more equitable social distribution.

## **5. Policy Suggestion**

In addition, for the new era of the digital economy, this paper proposes some suggestions for achieving coordinated development of efficiency and fairness:

### *5.1. Accelerating the Construction of Infrastructure Coordination System of Digital Economy*

Information infrastructure is the support for the rapid development of digital economy. In the digital economy, if we want to better realize the development of efficiency and fair coordination mechanism, we must establish a more perfect digital economy infrastructure. This part of the infrastructure system of digital economy includes not only the construction of large databases among regions, but also the construction of cross industry digital platforms.

In the digital economy, important social public resources such as roads, schools, hospitals, transportation facilities, and a large amount of data resources can be more finely and efficiently allocated through digital platforms to achieve fairness and sustainable development. To this end, it is necessary to establish digital platforms and data sharing mechanisms to promote the utilization of social public resources. Specifically, the government can encourage businesses and social organizations to build digital platforms and share data resources, and use data resources to design more precise public services to improve the quality and efficiency of social public services through policy guidance.

### *5.2. Accelerating the Construction of Supervision and Management System in The Field of Digital Economy*

The realization of a promising government and an effective market in the field of digital economy is inseparable from a reasonable and effective supervision and management system, and the supervision and management system in the field of digital economy can finally realize the modernization of the digital economy era and solve the equity problems brought about by the digital economy. The fair modernization of "people first" cannot rely on a set of market supervision system gradually formed by the "market leading", but must rely on the government to build a set of available supervision and management system in the field of digital economy as soon as possible, so as to combine the promising government with the effective market as soon as possible, and gradually form a fair digital economy adapted to "people first".

Accelerating the establishment of a supervision and management system in the digital economy is an urgent issue to be addressed. In the digital economy domain, the government is the primary regulatory body, and regulation is one of the fundamental functions of the government. Establishing an effective supervision and management system to strengthen the supervision of economic activities can better regulate market and social behavior, and promote high-quality development and fairness in the digital economy. This system also relies on innovative, differentiated, and collaborative market mechanisms to combine effective markets with a capable government.

To achieve the synergistic development of efficiency and fairness in the digital economy, the government needs to promptly establish a digital economy domain supervision and management system with international standards and advanced experience. This system can help set relevant laws, regulations, and monitoring standards. Additionally, the government needs to strengthen macro-management and development strategies in the digital economy domain, promote the coordinated development of the digital economy industry, related industries, and cultivate and attract more innovative enterprises and high-end talent to achieve leap-forward development.

Moreover, digital technology tools and AI should be applied within the supervision and management system in the digital economy domain to take advantage of the precision and efficiency of regulation, establish and popularize big data security and stable technology, improve contingency plans for data security incidents in the digital economy domain, and enhance data security governance levels.

In summary, to address the implications of efficiency and fairness within the digital economy, the government should strengthen the mechanisms and tools for supervision and management according to the features of the digital economy. The government also needs to promote healthy and sustainable development of the digital economy, and to balance the rights and responsibilities between the government and market forces through utilizing the role of a market mechanism. This approach will help to achieve a sustainable, efficient, and fair digital economy.

### *5.3. Strengthen the Construction of Anti-Monopoly Measures in the Field of Digital Economy*

The problem of monopoly in trade and business has existed for a long time throughout human history. With the emergence and dominance of digital technologies, it has become increasingly difficult to address monopolies due to barriers to entry that arise from platform effects and network externalities. As digital hegemony continues to rise, issues such as the digital divide are becoming more apparent. This brings to the fore pressing concerns such as the 28th law and digital monopoly that have to be addressed to ensure fair competition in the digital economy.

Therefore, there is a growing imperative to strengthen the government's anti-monopoly measures in the field of digital economy, especially in the current era of digital transformation where new businesses are flourishing. A holistic approach that applies both traditional anti-monopoly measures and specialized digital anti-trust measures is critical. This approach must address issues such as market concentration, the abuse of platform dominance, collection and abuse of users' personal data, barriers to accessing digital ecosystems, and the uneven distribution of the benefits of digital economies across different segments of societies.

The current agenda for the digital economy is calling for a fairer and more competitive market. Governments need to strike a balance between facilitating innovation, maintaining a free-market economy, and taking necessary actions to address monopolies and anti-competitive digital business practices. This implies that improving competition policies and adopting more effective measures such as antitrust immunity mechanisms, behavioral remedies, structural separation, and dynamic competition policy should be addressed.

In the short term, government discretion may play a vital role in shaping the digital economy's competitive landscape. In contrast, policymakers need to pay attention to long-term outcomes in anti-monopoly frameworks, including the risks of regulatory capture, dynamism, and innovation. Policymakers

should also collaborate with technological experts and digital industry players to formulate policies that can promote fair competition and allow the digital economy to serve society's overall interests.

In summary, it is crucial to strengthen the government's anti-monopoly measures in the digital economy to realize a fairer and more competitive environment. Policy makers must develop effective regulatory frameworks, including both traditional anti-monopoly measures and specific digital anti-trust policies, to control the proliferation of trade and business monopolies and anti-competitive practices in the digital economy.

## References

- Bai, X. J., Li, L., & Song, P. (2023). Balancing efficiency and fairness: The impact of China's digital economy on economic growth and income inequality. *Journal of Xi'an Jiaotong University Social Sciences Edition*, 43(1), 38-50.
- Carlota, P. (2007). Technological revolutions and financial capital—the dynamics of bubbles and golden ages. In (pp. 13-27). Beijing: Renmin University of China Press.
- Chen, G., & Shi, Z. (2022). Digital empowerment and digital equality: Towards common prosperity through digital governance. *Forum of Studies*, 442(4), 66-75.
- Han, L., Peng, S., & He, Z. (2022). The intrinsic logic and implementation path of the smooth domestic big cycle based on Marx's capital three-level cycle theory. *Economic Observer*, 439(6), 21-29.
- He, L. (2023). Strengthening and optimizing China's digital economy and accelerating the construction of digital China. *Macroeconomic Management*, 471(1), 1-6.
- Huo, L., & Ning, N. (2021). A literature review on the impact of the internet on regional innovation efficiency. *Journal of Northwest University Philosophy and Social Sciences Edition*, 51(1), 117-123.
- Li, S. X., Wu, Y. F., & Li, J. Q. (2023). The digital economy and China's modernization: The significance of the times, opportunities, challenges, and path exploration. *Economic Review*, 240(2), 3-14.
- Liu, K. (2023). *The rapid development of digital economy leads the world in application scenarios*. Retrieved from <https://www.gmw.cn/>
- Liu, Z. B., & Yao, Z. Y. (2021). Development and innovation in China's industrial economics: Based on the analysis of industrial chains. *Journal of Nanjing University of Finance and Economics*, 231(5), 1-10.
- Qiu, Z. Q. (2022). Digital empowerment: Efficiency and fairness. *Zhejiang Social Sciences*, 305(1), 54-55.
- Quan, H. (2022). The evolution of the research paradigm on income distribution and its theoretical innovation: Based on the goal of common prosperity. *Journal of Shanghai Jiao Tong University Philosophy and Social Sciences Edition*, 30(6), 22-30.
- Sheng, H. W., & Wang, R. Z. (2023). The impact of the digital economy on industrial ecological efficiency: An empirical analysis based on the Yangtze River Delta urban agglomeration. *Finance and Economics Forum*, 1, 1-12.
- Wang, Z. (2023). A comparative study of cross-border digital mergers and acquisitions between China and the United States: Features, driving factors, and future prospects. *Contemporary Economic Management*, 45(4), 39-50.
- Wen, Y. Y., Wang, Z. Q., & Sun, J. W. (2022). A historical review and future prospects of the development of regional economics. *Research on Learning and Practice*, 463(9), 83-91.
- Xia, M., Zhou, W. Y., & Xie, Z. M. (2023). A qualitative comparative analysis of the collaboration path for high-quality development of urban digital economy: Based on the technological and economic paradigm. *Science Research Management*, 44(3), 65-74.
- Xie, K., Liao, X., & Xiao, J. (2021). Efficiency and fairness are not completely contradictory: A perspective of integration of informatization and industrialization. *Economic Research*, 56(2), 190-205.
- Xu, K. N. (2022). The digital economy reshapes the world economy and global competitive landscape. *Journal of Jiangsu Administration Institute*, 123(3), 46-53.
- Yang, F., & Cao, Y. (2023). Research on the mechanism of sustainable income growth for low-income groups in China under the goal of common prosperity: An analysis framework based on SSM. *Economic Issues Exploration*, 487(2), 1-16.
- Zhang, J. G. (2022). A new journey to promote common prosperity. *Frontline*, 507(12), 22-24.
- Zhang, W. (2022). Endogenous characteristics and industrial organization of digital economy. *Management World*, 38(7), 79-90.
- Zhao, X., & Lou, F. (2023). Digital economy, circulation innovation and coordinated development of urban and rural areas: A perspective of fairness and efficiency. *Commercial Research*, 861(2), 5-8.