

Research on the Impact of Digital Economy on Urban Rural Income Gap in Anhui Province

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Abstract

The rise of the digital economy has broken the long-standing Dual-sector model structure, effectively narrowing the income gap between urban and rural residents in many aspects, thus profoundly affecting the urban-rural income gap. At the same time, the development of the digital economy is also conducive to increasing farmers' income and improving their welfare situation. Therefore, exploring the impact of the digital economy on the urban-rural income gap has become an urgent and practical task. This article firstly studies the development status of digital economy in Anhui Province and the current situation of urban-rural income gap in Anhui Province. Secondly, analyze the difficulties faced by the development of digital economy in Anhui Province in narrowing the urban-rural income gap. Finally, policy recommendations are given, hoping to narrow the income gap between urban and rural areas in Anhui Province and achieve Common prosperity through the development of digital economy.

Keywords

Digital economy; Urban-rural income gap; Common prosperity.

1. Introduction

The digital economy refers to the economic form that utilizes digital technology to promote the optimal allocation of resources and the development of productivity. According to data statistics, China's digital economy has remained the second largest in the world for several consecutive years. With the deep integration of digital technology and applications in various fields of production and life, the digital economy has entered a new era.

In the current digital economic environment, the mobile internet has become the main driving force for economic and social development. The huge difference in China's urban and rural development level is mainly due to the Dual-sector model structure, which is caused by historical factors, so China's economic level cannot continue to rise steadily. In current society, the distance between rural and urban areas is becoming smaller and smaller, but at the same time, a large amount of information resources are idle or wasted. The coverage area of telecommunications network facilities in rural areas is far less than that in urban areas, and the magnitude of this gap is truly astonishing. Under the circumstances, the issue of the digital divide has become the most important issue in current society, which will directly affect the healthy development of China's national economy and the improvement of people's quality of life in the future. The difference in the digital divide between urban and rural areas is obvious, especially in terms of the internet. The promotion of the internet in cities and the level of understanding of the internet among residents are higher than those in rural areas. At the same time, urban residents have higher levels of internet usage time and frequency than rural residents, indicating that the internet has penetrated into people's lives and has been widely applied. In addition, the wider geographical advantages and better educational resources in

cities, on the contrary, due to rural areas have a lower level of connectivity, making it difficult for rural populations to effectively utilize the Internet. Therefore, urban development will be more advantageous than rural areas.

With the vigorous development of the digital economy and the gradual improvement of its social status, the digital economy has become an indispensable and important driving force for promoting social progress, improving people's living standards and happiness index. The digital economy can not only drive employment and industrial upgrading, but also improve people's lifestyles, optimize industrial structure, and achieve a "higher" stage of human production activities. Of course, the digital economy is also a tool with dual attributes. Although it can bring huge benefits to society, without human intervention and control, it can trigger a digital divide and exacerbate the urban-rural income gap. If this situation continues to exist, it will inevitably cause irreparable losses to society. In the era of digital economy, how to effectively bridge and eliminate the income gap between urban and rural areas in China has become one of the practical problems that we urgently need to solve.

2. The Current Situation of the Digital Economy and Urban-Rural Income Gap

2.1. The development status of the digital economy

In 2022, with the changing global economic environment and the generalization of domestic development speed, China still needs to continue to explore and undertake heavy tasks. In this context, the digital economy has become a new opportunity and driving force for today's social development. At present, the digital economy has been incorporated into the national strategic system and has received high attention from the government and all sectors of society. China has made certain progress in the field of digital economy, among which the development goals of digital economy in major regions have been basically clear. The scale of the digital economy has been steadily increasing year by year, and its proportion to GDP has also been increasing. The "four modernizations" framework for the digital economy has initially taken shape. However, the overall coordination of the top-level design of the digital economy is insufficient, and the business environment of the digital economy urgently needs to be optimized. The cultivation of new drivers of the digital economy faces enormous challenges.

With the continuous growth of China's digital economy, Anhui Province is also actively promoting the development of key industries in the digital economy, and the development of the digital economy is showing a strong trend. Overall, in 2022, the added value of the digital economy in Anhui Province exceeded 1 trillion yuan. In 2022, the industrial production in Anhui Province grew rapidly, and the proportion of high-tech manufacturing and equipment manufacturing increased. The added value of industrial enterprises above designated size increased by 6.1% year-on-year, which is 2.5 percentage points higher than the national average. The proportion of high-tech manufacturing in the industrial added value of scale has increased from 13.6% last year to 14.2%, and its growth rate in added value has reached 10.3%. The high-tech industry in the province has achieved stable and rapid development. The service industry is thriving in emerging fields, with a growth trend of 2.2% in added value throughout the year. Emerging fields, such as energy conservation and environmental protection, and internet platforms, have shown strong growth trends, with operating revenue achieving 44.8% and 38.9% growth, respectively. From the perspective of regional distribution, the growth rate in the eastern region is significantly higher than that in the central and western regions. A total of 3036 industrial enterprises above designated size have been added, with a total of over 20000. The value-added growth of the high-tech manufacturing industry is about 10.3%. In addition, there are 256 new national level specialized and specialized "Little Giant" enterprises added nationwide, ranking seventh in total. The operating revenue of the production service

industry above designated size shows a growth trend of about 8%, while the main business revenue of the software industry shows a growth trend of about 20%. The acceleration of intelligent manufacturing, the continuous expansion of the application of new generation information technology in equipment manufacturing, and the rapid growth of exports of new energy vehicles and components.

2.2. Current situation of urban-rural income gap

With the establishment and improvement of the social security system mechanism, the daily living standards of residents have also been significantly improved, which has had a positive impact on their quality of life. In this context, China's pension insurance industry has achieved rapid development, but there are still some problems that need to be solved. Therefore, it is necessary to further improve and optimize it, in order to better promote sustainable development of the social economy. In the past decade, the personal income of Chinese residents has risen at an astonishing rate, especially from 2017 until 2021. Although the income of Chinese residents is growing rapidly at a rate of five times, it still faces significant structural problems.

In Anhui Province, the growth rate of per capita disposable income of rural residents is faster than that of urban residents. As time goes by, the income gap between urban and rural residents gradually narrow. At the same time, by analyzing the growth rate of per capita disposable income of urban and rural residents and the growth rate of per capita income ratio of urban and rural residents, it is found that both show a downward trend. According to the Anhui Provincial Statistical Yearbook, in 2021, the per capita disposable income of urban residents in Anhui Province was 39884.1 yuan, an increase of 8.34% compared to 2020; The per capita disposable income of rural residents is 18372 yuan, an increase of 10.54% compared to 2020; It can be seen that the growth rate of per capita disposable income of rural residents is slightly higher than that of urban residents.

3. The Dilemma of Narrowing the Income Gap between Urban and Rural Areas in the Digital Economy

3.1. Limitations of Rural Digital Economy Development

In the current digital economic environment, the mobile Internet has become the main driving force for China's economic and social development. The huge difference in China's urban and rural development level is mainly due to the Dual-sector model structure, which is caused by historical factors. Therefore, China's economic level cannot be continuously and steadily improved. In current society, the distance between rural and urban areas is becoming smaller and smaller, but at the same time, a large amount of information resources are idle or wasted. The coverage area of telecommunications network facilities in rural areas is far less than that in urban areas, and the magnitude of this gap is truly astonishing. In this situation, the issue of the digital divide has become the most important issue in current society, which will directly affect the healthy development of China's national economy and the improvement of people's quality of life in the future. The difference in the digital divide between urban and rural areas is obvious, especially in terms of the internet. The promotion of the internet in cities and the level of understanding of the internet among residents are higher than those in rural areas; At the same time, urban residents have higher levels of internet usage time and frequency than rural residents, indicating that the internet has penetrated into people's lives and has been widely applied. In addition, the wider geographical advantages and higher education levels of residents in cities. On the contrary, due to rural areas have lower levels of related knowledge, making it difficult for rural populations to access the Internet. Therefore, urban development will be more advantageous than rural areas.

3.2. There is a huge digital divide between urban and rural areas

The impact of the digital economy is twofold, on the one hand, the dividends it brings, and on the other hand, the divide it creates. From the perspective of digital dividends, in the new technological revolution, digital technology has brought great convenience to humanity, making people's lives more efficient, thereby creating new social wealth. In addition, the sharing, dissemination, and use of information resources formed on the basis of the internet have also brought enormous convenience to individuals, thereby promoting social progress. With the increasingly complete framework of internet capital, people's connectivity and access gap have narrowed, allowing the internet to bring them more benefits. At the same time, due to factors such as technological progress and business model innovation, the emergence and widespread acceptance of digital products or services will also have a huge impact on social wealth, thereby changing the social class structure. The rise of the digital economy has also led to differentiated development of the economy and society closely related to it. The digital divide mainly refers to the greater impact of the digital society on people than on nature. The evolution of the digital divide has gone through digital inequalities brought about by differences in access opportunities to the internet, especially for users with high education and income levels who are more inclined to accumulate capital through the internet to obtain greater economic benefits; On the contrary, it is believed to be the result of social stratification, where relatively lower educated individuals receive higher returns on human capital. Due to differences in information and communication technology across different regions, industries, ownership systems, and enterprise scales, it has led to or expanded differences between groups.

4. Policy Recommendations

4.1. Accelerate the upgrading of industrial structure and promote the balanced development of digital Economic equilibrium

The economic development of rural areas in Anhui Province mainly depends on agriculture, with traditional agriculture accounting for a large proportion. At the same time, the power of agricultural digital transformation is insufficient and the level is low, which also leads to the power of sustainable development of the agricultural economy not reaching the ideal state. Therefore, we must actively promote the digital transformation of agriculture to accelerate the upgrading of industrial structure, so as to effectively solve the fundamental problems faced by agriculture and rural areas. With the help of the Internet plus, agricultural environmental monitoring technology and other digital technologies, promote the digital transformation of agriculture, so as to improve labor productivity and added value of agricultural products. Promote the construction of agricultural informatization, use big data and cloud computing to integrate and analyze information and provide it to users, so as to promote the innovation of agricultural production and operation mode. The government should lead the construction of agricultural product cloud platforms, committed to creating an intelligent agricultural service platform that integrates resource sharing, data collection and sales, and agricultural and rural governance. In addition, promoting the construction of smart cities and rural revitalization strategies is also an important means to promote the deep integration of agricultural modernization and industrialization. Anhui Province should promote the cross-border integration of the primary sector of the economy into agricultural tourism e-commerce, so as to realize the upgrading of the industrial structure, solve the problem of unbalanced development of the digital economy, and further promote the urbanization process and narrow the income gap between urban and rural areas.

4.2. Emphasize talent cultivation in the digital economy and enhance residents' digital literacy

A large number of human capital flights in Anhui Province has led to a shortage of talents related to the digital economy, leading some students to choose to develop in Jiangsu, Zhejiang, Shanghai and other developed regions near home after completing their studies in other provinces, while highly skilled and high-level talents are relatively scarce. The reasons for this situation are multifaceted, such as a lack of attention from the government, low social recognition, and the unwillingness of enterprises to accept applied technical talents. At present, higher education places more emphasis on the cultivation of professional talents, while neglecting the development of composite talents, and there are shortcomings in the cultivation of composite talents. In order to meet the needs of the development of the digital economy, we need to adopt appropriate subsidies and policy tilt measures to attract and retain outstanding talents. The vigorous development of the digital economy has put forward higher requirements for the digital literacy of urban and rural residents. However, there are shortcomings in the digital literacy of rural residents, which has a negative impact on the construction of digital rural areas and the narrowing of urban-rural income gap. The digital living standards of rural residents are low, making it difficult to adapt to the opportunities and challenges brought by the development of the digital economy. Therefore, it is necessary to focus on enhancing the ability of rural residents in the application of digital technology, in order to ensure that they can also share the corresponding dividends in the development of the digital economy, and thus take education as the breakthrough point to enhance residents' digital literacy.

4.3. Develop correct industrial structure policies and development strategies

In the current rapidly developing modern society of Internet technology, we should not be constrained by outdated policies. Instead, we should actively promote the construction of the Internet, advocate the deep integration of the Internet and traditional economy, promote the vigorous development of high-tech industries, and give greater play to the advantages of the Internet economy. In the current era, China vigorously advocates "mass entrepreneurship and innovation" and has put forward many suggestions for promoting rural e-commerce. For economically underdeveloped regions, the government can promote their development by offering educational courses and guiding residents to participate in the e-commerce industry. By developing and promoting rural e-commerce, we aim to drive farmers' income growth and prosperity. This approach can not only improve the income level of rural residents, but also help promote farmers to achieve the goal of increasing income and becoming rich, and also deepen people's understanding of agricultural products. Therefore, it is imperative to promote new agricultural business models in rural areas. By building a modern agricultural system based on high-tech, expanding the online market of agricultural products, and achieving a complete industrial chain of independent production and sales for residents, we can achieve a win-win situation for both parties.

In order to promote the development of agricultural e-commerce, the primary task must be to accelerate the integration of the Internet and products. Internet technology can help standardize the production and circulation of agricultural products, providing a great platform for consumers to not only browse fresh and high-quality agricultural products, but also buy what they need. In the whole production process of agricultural products, the use of Internet technology for supervision, management and control can not only effectively reduce production costs and labor burden, but also improve the survival rate and output of agricultural products, thus significantly optimizing the entire production process. In addition, the Internet and agriculture can also be combined to achieve information exchange and sharing through internet platforms, which can provide more assistance to farmers and enable them to obtain greater benefits.

4.4. Improve infrastructure construction in rural areas and bridge the digital divide between urban and rural areas

One of the necessary conditions for narrowing the urban-rural gap is to improve rural infrastructure construction. At present, rural areas in China generally have outdated infrastructure and weak service capabilities, which makes it difficult for farmers to enjoy high-quality and efficient public services. The existence of urban-rural disparities hinders the rational allocation of resources, leading to a more severe outflow of labor, talent, and capital towards cities. Due to the relatively lagging infrastructure in rural areas of China, farmers are unable to enjoy the convenience brought by modern information technology. Therefore, strengthening infrastructure construction in rural areas can not only provide technical support for the development of the digital economy, but also create more employment opportunities in related industries, enabling farmers to achieve employment at home, vigorously developing the rural economy, injecting talent into rural economic development, and bridging the digital divide.

4.5. Develop appropriate financial strategies and increase the intensity of capital injection

The improper policies of the government have also to some extent exacerbated the widening income gap between urban and rural areas. From this perspective, we should pay more attention to the issue of fair distribution of national income. Before the reform and opening up, the government actively promoted the development of capital industries such as steel and transportation. However, due to the influence of policies, there was no longer a shortage of labor, which would directly affect the income of workers, thereby widening the urban-rural income gap. With the development of the economy, the country has gradually realized the importance of fair distribution and introduced a series of measures to solve this problem. It can be seen that the government plays a crucial role in regulating national income, and can even actively participate in it.

In the current situation, the government should adopt a dual pronged strategy, improving efficiency while ensuring fairness, which is the most appropriate approach. From both theoretical analysis and empirical testing, at the current stage, narrowing the urban-rural income gap mainly relies on improving the level of fiscal revenue. According to relevant survey results, the widening income gap between urban and rural areas is positively correlated with the increase in fiscal related expenditures. This is because under the same fiscal expenditures, urban residents receive higher benefits than rural residents. Meanwhile, in the fiscal expenditure structure, the proportion of investment in agricultural production is relatively high, while the supply of public goods such as education and healthcare is relatively insufficient, resulting in a significant degree of income distribution inequality between urban and rural residents. In order to achieve adjustments in income distribution, fiscal policies must be based on local actual conditions, rather than simply expanding expenditures.

In addition, the government also needs to protect the rights and interests of farmers by formulating corresponding laws and regulations. Given China's long history and large population, the difficulty of implementing unified policies is extremely high. Therefore, the government should adopt strategies tailored to local conditions, leverage the resource advantages of various regions, and maximize profits. Only in this way can the government consider all aspects and truly solve the problem of urban-rural income gap. In addition, the government should also establish an information platform specifically targeting agricultural production and farmers' lives, allowing farmers to understand market information and agricultural product prices through the internet, thereby enabling them to consume more rationally and reducing blind investment.

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