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## Is Digital Economy a leveller or a source of rising inequality?

Keep practicing on different themes/topics

### Outline

1. **Introduction:** Various factors show that digital economy is a leveller as it provides equal opportunities for everyone. Besides, few people perceive it as a source of rising inequality. Therefore, some suggestions are recommended to represent it more equitable source of economy.

2. **Digital Economy: An overview**

3. **Digital Economy as a leveller (Thesis)**

(3.1) Global marketplace for connectivity;  
Case in point: International Monetary Fund (IMF) report

(3.2) Helps in economic development of a country;

Case in point: Statista report about E-commerce growth

(3.3) Improved governance;

Case in point: E-governance and its improvement in government service

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(3.4) Bringing informal economy to the pool of taxation

(3.5) Lower barriers to entrepreneurship and innovation

(3.6) Job opportunities for everyone

(3.7) Enhances accessibility and affordability

#### 4. Digital Economy as a Source of Rising Inequality (Anti-thesis)

(4.1) Concentration of wealth and power

(4.2) Weak cyber-security ;

Case in point : Online frauds and theft

(4.3) Digital divide and skills gaps

(4.4) Job displacement

#### 5. Strategies for more Equitable

Provide Digital Economy (Synthesis)

(5.1) Technical training skills to users

(5.2) Protecting privacy and security of digital economy ;

Case in point : IMF report

(5.3) Free, fair, and just opportunities for everyone to participate in digital economy

Case in point : World Bank report

#### 6. Conclusion

Increase number of arguments



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Economy is considered as an important pillar for the development of a country. There are various kinds of economy, one of its main types is digital economy. In fact, digital economy plays vital role in the prosperity, stability, and development of a nation. Furthermore, there are various factors which show that digital economy provides an equal opportunity to everyone and is a leveller. Besides, some people argue that it is a source of rising inequality. Therefore, some suggestions are recommended to make it more equitable source of economy. Furthermore, digital economy displays major chunk of modern world economy. The world economy, indeed, is on the path of digitalization. Moreover, various manifestations show that digital economy is a leveller such as it provides global market place for connectivity; helps in the economic development of a country; improving governance; bringing informal economy to the pool of taxation, and so on. Besides these advantages, few opponents view it as a source of rising inequality and they argue it has led to the concentration of wealth and power in hands of few tech giants. But, in fact, anyone can get money and power using digital economy as a tool. Additionally, they claim many more arguments, but are

Do not label anti-thesis as "wrong"



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Wrong. Furthermore, there are some suggestions which can make digital economy more equitable like providing technical skills to all users; protecting privacy and security of digital accounts; and providing equal accessibility and opportunity to everyone. Hence, it can be deduced that digital economy acts as a leveller and is not a source of rising inequality.

Modern economy exists in several types such as digital economy, service based economy, knowledge based economy, and green economy. In the same manner, digital economy encompasses various areas, including: digital infrastructure - telecommunications, cloud computing, Internet of things, artificial intelligence and machine learning; digital commerce - E-commerce, digital payments, digital marketing; digital finance - Blockchain technology, cryptocurrencies; digital skills and education - Digital marketing and entrepreneurship.

As a matter of fact, the world is becoming digital and modern with passage of time. Likewise, paperless economy would pave the way for sustainable development of the world. It can ensure economic growth as well as environmental protection. In current times, it is not used as it should be.

But, in future, digital economy will be sine



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qua non for running the affairs of a state.

The following paragraphs will argue the various factors that will prove that digital economy act as a leveller. The first factor is

that digital economy provides global market place for connectivity. The world is like a global village and digital economy has connected it together. The global economy and trade is booming because of digital economy. The volume of foreign exchange trading has enhanced multiple times. There is an enhanced connectivity and social inclusion in global market place.

According to the latest report of International Monetary Fund (IMF), which said, "Global digital economy estimated to reach 11.5 Trillion Dollar by 2025." And still it is growing with high compound annual growth rate. Hence, this proves that digital economy provides a massive opportunity for global market connectivity.

The second point which shows that digital economy as a leveller is that it helps in economic development of a country. Economic stability and prosperity can be achieved through the use of digital economy. It serves as an additional injections to economic growth. The economic development, in present as well



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as in future world, is impossible without the inclusion of digital sector. E-commerce is one of the manifestations of digital economy. The latest report of Statista said, "Online retail sales (e-commerce) worldwide are projected to reach 7.4 Trillion Dollar by 2025, representing the compound annual growth rate (CAGR) of 11.7 percent from 2020 to 2025." Such a high growth of e-commerce can play an important role in economic development of a country. Therefore, digital economy act as a leveler as it paves the way for the economic development of a country.

The third argument which proves that digital economy provides level playing field as it improved governance process. Now, the governance process is smooth and free from redundant steps. It has reduced red-tapism from making transactions, accounting, and auditing. The tree of e-governance stands on the roots of digital economy. Most of the cash payments occur through online payment systems. It include banking system, international transactions, and mobile application. Furthermore, there can be seen an enhancement in transparency and efficiency in the government service. This



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Improvement in governance process is attributed to digital economy. As a consequence, it can be said that digital economy acts as a leveller as it improved governance.

The fourth manifestation that augments that digital economy acts as a leveller is that it brings informal economy to the pool of taxation. The informal or black economy is exempted from tax as it has no records. There is massive money that is evade tax. In case of Pakistan, informal economy is about 50 percent of the budget, and it amounts more than 220 Billion Dollar. In fact, this huge sum of economy does not contribute to national wealth and tax.

Therefore, by making it as a part of digital economy, it will come under the tax net. Hence, tax net base of the country will grow wide. That is why, everyone and the country will benefit from it, digital economy provides equitable opportunity as it can make the informal economy to be under taxation through digitalization.

The fifth factor is that digital economy <sup>reduces</sup> lower barriers to entrepreneurship and innovation. It provides



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an equal and uniform platform for everyone to participate. Now, anyone can easily start their online business by making an <sup>online</sup> account on the digital platform such as Amazon, Ali Baba, Daraz and many more. It also provides an opportunity for small and medium industries to grow and advertise their product and services. In fact, innovation path is always open in digital market. Therefore, it is said that digital economy pave the way for entrepreneurship and innovation to everyone equally.

Similarly, the sixth point is in this series is that digital economy provides job opportunities for everyone. Anyone can seek <sup>online</sup> job and <sup>can</sup> join it. There is an ease in accessibility to online platform. Now, people can work from remote areas as online job market provides job opportunities <sup>world-wide</sup>. The difference between urban and rural area is diminished by online and digital economic market. And this is all possible because of digitalization of economy and service sector. Moreover, a jobless person can join many jobs at a time through the online platform. This all contributes



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to the manifestations of digital economy. Resultantly, it can be said that digital economy acts as a leveller as it provides an equal job opportunities for everyone.

The last and seventh factor which proves that digital economy acts as a leveller is that it enhances accessibility and affordability. The digital online platforms and network are accessible from around the globe. It just need a network and internet connection. Furthermore, it is cheap in cost and is affordable for everyone. It is very simple to access it. Through the use of mobile phone applications, it can be accessed anytime and from anywhere. It has reduced the barriers to entry in the digital market areas. The only thing that is necessary for a user to have a necessary education and skill. Thus, digital economy acts as a leveller as it has enhanced accessibility and affordability.

After exposing the various points that elaborates that digital economy acts as a leveller, the upcoming four paragraphs will narrate the anti-thesis that digital economy acts as a source of rising



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inequality. Alongwith this it will be rebutted in the same paragraph. The first point in this manner is that digital economy leads to the concentration of wealth and power in the hands of few. It does not provide an equal opportunity for all. It limits the opportunities for smaller businesses and individuals. It also works on the same capitalistic tendencies and policies which favours the rich only. There is a kind of monopolies of capitalist and tech giants. But, in fact, it is a wrong view, because digital economy has enhanced the competition more toughes for large companies. It has promoted ~~comped~~ competition among them. Therefore, it is wrong to say that digital economy has led to the concentration of wealth, rather it has increased the opportunity for every individual to get wealth and ~~power~~.

Similarly, it is also viewed that digital economy has compromised the cyber-security, and the weak cyber-security system makes it a bitter option to opt. There is a privacy concerns and threat of hacking to this system of economy. The online frauds and theft have increased manifold. However, the truth is that it is not the fault



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of the digital system but of human beings. If human beings, itself, exploits it, then how humanity will suffers in the end. Proper law making and stringent security measures can fix the issue. That is why, it is not right to say that digital economy rises inequality due to weak cyber-security system.

Moreover, it is perceived that that digital divide and skill gap makes digital economy as a source of rising inequality. There is an unequal access to technology and internet. The training and knowledge for this emerging technologies is insufficient. But, the fact is that very little knowledge and skill expertise is required to be the part of this system. Furthermore, internet accessibility is improving to remote and far-off areas. By calling and acting upon digital skill set, it will become part and parcel of every individual. Thus, digital economy does not causes inequality but improves equality among human beings by equipping them with necessary digital skills.

Last but not the least, the opponents argue that digital economy causes job displacement. The automation industry and



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artificial intelligence replacing traditional <sup>human</sup> jobs. Now, machines can do hard as well as soft job that was previously done by human beings. Thus, making human beings jobless. However, the fact is that human beings need to upskill and reskill themselves. They need to learn new era skills to advance in future. Digital sector and economy did provide massive online and new job opportunities. Therefore, it is wrong to say that digital economy displaces job.

After arguing the digital economy as a source of rising inequality, along with its counter-thesis, the following three paragraphs will further augment the strategies for more equitable digital economy. The first suggestion in this regard is providing technical training skills to users. There should be a proper training and education about digital economy. The users and individual must be equipped with the necessary skill sets. Online business and economy is the future of the world. In fact, in this era of globalization, the importance and need of digital economy cannot be ignored. In



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China, mobile payments accounts for over 97 percent of all non-cash transactions (Statista). So, the proper training and education about e-commerce and online businesses is the need of the hour. Thus, digital economy can be made more equitable if ~~it provides~~ technical training skills is provided to users.

Similarly, protecting <sup>Privacy</sup> and security of digital economy can make it more equitable for all human beings. There should be no compromise on breaching cyber-laws and regulations. Indeed, strict punishments should be given to the violators. Furthermore, the software controlling this technology must be secure enough to not be hacked at all. There should be a multiple security level in online transactions. Rationality and neutrality must prevail in artificial intelligence and its software. There is a need of proper policy making in this regard. As IMF said in its report, "The digital economy requires policies to address inequality." Thus, protecting privacy and enhancing security of digital economy will make more fair and just for everyone. Lastly, free, fair, and just opportunities for everyone to participate in



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digital economy is the strategy that could lead for more equality. There should be no barriers in joining digital economy sector. The software must be free from any biases and prejudices. Everyone should enjoy equal and fair opportunity to excel in the field of digital economy. There should be no restrictions and limitations in this regard. It needs to be managed accordingly. The digital technologies can increase inequality if not managed carefully. (IMF report). Thus, proper care be taken to provide an equal opportunity for all and it will make the digital economy as a justified platform to join it and work in it.

In conclusion, it can be said and accepted that various factors prove that digital economy is a leveller as it provides equal opportunities for everyone. Besides, the counter side argues it as a source of rising inequality which is a false narrative. Therefore, some suggestions are recommended to represent it as a more equitable source of economy. The digital economy is currently more than a trillion dollar sector. Through out the



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developed world, this field is advancing with passage of time. Moreover, digital economy provides equal opportunities to everyone like bringing informal sector of economy to the pool of taxation; lowering barriers to entrepreneurship and innovation; equal job-opportunities, and enhanced accessibility and affordability. Despite these benefits, the opposite side argues it as a source of rising inequality. And they claim that it leads to job displacement and online games.

But, in fact, they are wrong in their perception. Because digital economy provides million of jobs to those who work hard and learn the skills. It is up to human beings to update and upgrade their version ~~with~~<sup>in</sup> new era and fields. As Neil Postman (an American cultural critic and media theorist) said, "Technology is not neutral. It is a tool that can be used for good or evil." So, it is upto human beings that how digital economy is to be used. Furthermore, some strategies can make it more equitable like tightening security infrastructure, training skills for users, and equal opportunities for all. Hence, it can be said that digital economy is a key to success. Many



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Countries and nations advanced due to their progress in digital economy. In fact, it is the necessary aspects of future world. Therefore, positive and rational steps be taken to use digital economy as a tool for bringing more equality and development.

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