



Viewpoint: Economics and the Digital World

09 DEC,2019 | MEDC



Like it or not, the world is becoming increasingly digital. Unfortunately, much of today's economics tool-kit does not have the wherewithal to understand and map the new world of digital technology and its accompanying interlinkages. With the gradual "uberization" of the economy, our measurement techniques need to be refined enough to explain how an increasingly digital world affects the supply and demand of goods and services, both within and across national boundaries. Just as physics transitioned from Newtonian to Einsteinian to accommodate the new realities, economics needs to revisit its core assumptions in order to better understand our rapidly changing technology and its impact on society. If we are unable to adequately quantify the impact of digitization on today's economies, most of our GDP and growth estimates will be erroneous, and policy framed on its basis will be not only unproductive but counterproductive. Technology is a key enabler of liberalization, privatization, and globalization, and economics will be doing society a disservice if it cannot accurately quantify important socioeconomic indicators under the changing circumstances. As it is, several policy issues pertaining to the statistical reliability of a lot of socioeconomic data in the public domain are now coming to the forefront in India. Economics has to rise to the occasion and reinvent itself, if it is to stay relevant for the future of humankind.

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