The Symbiosis of Tangible and Intangible Market: Impact of Economic Growth

Xinran Li\textsuperscript{1,a,*}, Yuhao Zhang\textsuperscript{2}

\textsuperscript{1}Department of Economics and Management, Qingdao University, Qingdao, China
\textsuperscript{2}Jiangxi Hanvos High School, Nanchang, China
\textsuperscript{a} 20210300241@stu.gau.edu
\*corresponding author

Abstract: With the popularization of Internet technology, the economic form has changed from single to diversified. As an emerging force in the economic field, the virtual economy has strong vitality and is sweeping all walks of life with unprecedented momentum. Traditional industries have experienced new vitality due to the rise of the virtual economy, which has also impacted the dominant structure of the real economy in the past, bringing new challenges and opportunities to the real economy. The virtual economy and the real economy, as two important components of the economic system, are inextricable. The paper commences by examining the relationship between real and virtual economies, utilizing the investigation method, literature research method and model method to analyze the definition and future development orientation of the real economy and the virtual economy, and is committed to the exploration of the coordinated development strategy of the two. Research shows that the virtual economy and the real economy are closely related, and the two are interdependent and affect each other. The development of the virtual economy plays a "double-edged sword" role in the real economy.

Keywords: Real economy, Virtual economy, Integration

1. Introduction

The essay makes the argument that there is a growing degree of complexity in the link between the virtual and physical economies today, as well as a growing degree of seriousness in their effects. Consequently, comprehending the link between the virtual and real economies requires a thorough examination of their interactions. According to the essay, decision-makers in government and business can benefit from a thorough understanding of the mechanisms and influencing variables that connect the virtual and physical economies. The article also highlights the advantages and disadvantages presented by the virtual economy, which serves as a guide for us to comprehend this sector's development pattern. This article's research question is how to achieve coordinated growth between the actual and virtual economies to support the economy's healthy and sustainable development. It provides decision-making help for government and enterprise decision makers by revealing the mutually reinforcing aspects of the virtual economy through in-depth examination of its link with the actual economy. The essay also offers some answers while discussing the advantages and disadvantages that the virtual economy presents. The paper is organized primarily into three sections. The actual economy is covered in the first section, the virtual economy in the second, and a
comparative study of the two economies is covered in the third. The primary focus of the first and second sections of the chapters is an analysis of their definitions and traits, along with a synopsis of the pertinent department platforms. It also provides some effect and useful examples. In the third section, the two economies' interactions, conflicts, and relative contributions to economic growth are the key topics of discussion.

2. Real economy

2.1. Characteristics and definitions of the real economy

Definition of the real economy: Speaking of the real economy, people's first reaction is that it refers to goods, services, and economic activities in the form of physical goods, covering agriculture, industry, commerce, transportation, service industry, construction engineering and other aspects. In addition to the material level, it also includes the spiritual level of commodities and cultural industries, such as education, art, music and so on. The real economy is an important part of the social economy, related to all aspects of human life, is the basis for our survival, life and self-improvement. The defining features of the real economy include its capacity to satisfy the everyday requirements and tangible aspects of people's lives. With the improvement of living quality of life, people's requirements for life are getting higher, and the quality of life is gradually rising. The physical economy is the guarantee of the continuous improvement of people's living standards. If there is no change and development of the real economy, then human production activities will stagnate. And there are many problems. In this way, people's living standards will be significantly reduced. People's clothing, food, housing, and transportation need the development of the real economy. If there is no economic development, the automobile industry will not continue to innovate, which shows that the current economic development cannot be without the automobile industry [3].
2.1.2. Factors affecting the growth and stability of the real economy

Digital economy reduces the cost of real economy development expenditure. Virtual economy originally developed from the real economy and has an important role in promoting the development of the real economy, the development of virtual economy, can effectively reduce the cost of enterprises to operate the real economy, but also can help companies to obtain more profits. And the unique industry characteristics of venture capital, which is also a factor affecting the real economy. Innovation can enhance the overall efficiency of economic development. The combination of new capabilities can improve the efficiency of economic development [4].

2.1.3. Suggestion

The government should attach importance to the coordinated development of economy and society, further optimize the risk investment environment, expand the channels of risk investment, enhance the urban risk bearing capacity, and realize the steady progress of high-quality economic development. Second, pay attention to the development direction of venture capital in provinces with strong dependence on traditional industries, and deepen relevant policies into the main demand areas of regional industrial integration, such as raw material production or process innovation [5].

2.1.4. Future trends and challenges of the real economy

As a new production factor in the era of digital economy, data cannot only be directly incorporated into the production factor system into the production process, but also can be combined with various traditional production factors under digital processing to become a practical production factor that can be directly utilized. First, data elements are important raw materials for the real economy to achieve high-quality development. Data elements have the characteristics of replication, non-competition, and non-exclusivity, which makes it a necessary strategic and basic resource for economic and social operation at present. On the flip side, the technological spillover effect of the digital economy can enhance the innovation capacity of the real economy. First, digital information technology can not only use the large amount of data generated in the operation of the real economy to dig out complex relationships, reduce tacit knowledge spillover, but also enable people and things to realize multi-dimensional connectivity, and accelerate the formation of breakthrough innovation in the process of constantly expanding people's cognitive boundaries and strengthening people's learning and innovation level. In the era of industrial economy, the long-term average curve cost of an enterprise will show a trend of first falling and then rising due to factors such as the stock of enterprise assets, management ability and internal transaction cost. Therefore, the production scale corresponding to the lowest point of the long-term average cost curve is the optimal state for enterprises to achieve economies of scale, but it also determines that the production scale of enterprises cannot be expanded indefinitely. Otherwise, there will be diseconomies of scale [6].

3. Characteristics and definitions of Virtual economy

The idea of economic activity created by retaining rights and exchanging rights and interests in the form of vouchers is known as the "virtual economy." It mostly relates to the banking sector, internet gaming, virtual currency, and other industries in the modern economy [7]. The ultimate objective of the virtual economy, which is a highly evolved by product of the market economy, is to support the real economy. The virtual economy is growing faster than the real economy and has overtaken it in size, making it a comparatively distinct economic sector. The virtual economy is clearly distinct from the real economy in many ways. In conclusion, it primarily shows up as high risk, high volatility, high liquidity, and high speculative activity.
All activities related to the exchange of goods and services that depend on the Internet and network-based digital technology infrastructures are included in the digital market. This covers both the new product and service models created from the inventive features of the Internet, such as search engines, web browsers, digital maps, social media, etc., as well as the digitization of established markets like e-commerce. Studying the monopoly governance of massive platform-based businesses requires an understanding of the digital market and its features [8]. A virtual currency that is used and accepted by members of particular virtual communities, issued and managed by developers, and not subject to regulatory restrictions. The online marketplace serves as a trading platform for the virtual economy. It serves as the virtual economy's primary market. Online platforms handle most virtual transactions, including those involving virtual currencies and game recharges.

Technological progress has a beneficial impact on the virtual economy. With the development of the scientific and technological Internet, the virtual economy has developed rapidly and has become a very important economic form. It has a significant impact on the country's economy. For example, if the scientific and technological progress is very rapid. People will be confident in the future development of each company, so they will increase the purchase of stocks. This will lead to an upward rise in the stock price, driving the development of the company and promoting the development of the virtual economy in stock and securities. After that, employees' salaries will be higher due to the rise in the stock market. Therefore, more talents will be recruited, and employees will work harder to promote the development of science and technology. The same is true for the game industry. Nowadays, technological progress is very rapid, and a variety of games have been created. Many young people will recharge a lot of money to get pleasure in the game. This will also promote the development of the virtual economy.

3.1. The synergistic impact of technological advancement on the virtual economy

The virtual economy benefits from advances in technology. As the scientific and technological aspects of the Internet have advanced, the virtual economy has grown quickly and emerged as a significant economic entity. It significantly affects the economy of the nation. For instance, if technology and science advance extremely quickly. People will buy more stocks because they will have more faith in each company's future growth. As a result, the stock price will climb, propelling the business's growth and fostering the expansion of the virtual stock and securities market. Salary increases for employees will follow because of the stock market's growth. As a result, employers will seek for more talented candidates, and staff members will put in more effort to advance science and technology. The video game industry is no different. With the speed at which technology is developing these days, a wide range of games have been produced. To enjoy the game, many young people will spend a significant amount of money on recharges. Additionally, this will encourage the growth of the virtual economy.

3.2. Risk and opportunity dynamics of virtual economy

The uncertainty around the real economy's profitability is one of the obstacles the virtual economy presents to economic growth. The real and virtual economies are intimately intertwined, with the evolution of the real economy having a direct impact on how the virtual economy functions. The virtual economy will soon be affected by the real economy's uncertainties about creditworthiness, profitability, and technical innovation advancement. This will result in significant swings in virtual capital prices and increase investment risk. The virtual economy's speculative nature. The fundamental feature of the virtual economy is speculation. Financial crises could result from asset bubbles, which could be caused by excessive speculation. Speculators raise the cost of virtual capital in virtual economic activity, resulting in excessive affluence and market bubbles. Speculators search
for profit chances in the chaos of the bubble, and the majority of participants risk suffering enormous losses [9].

The virtual economy creates chances for economic growth and employment. To a certain degree, the job market is also assisted by the virtual economy. An increasing number of people with the necessary professional abilities are needed due to the virtual economy's rapid development, which also creates job prospects. Simultaneously, through virtual economy buying, customers also create new job prospects through virtual currency trading, virtual game manufacturing, online live broadcasting, etc. It also propels the growth of the actual economy. The actual economy and the virtual economy are clearly intertwined. The growth of the virtual economy may encourage the growth of the actual economy. For example, if a game development company makes money in the virtual market, it will probably put that money back into producing real products. Like this, the production of necessary hardware like computers and networking equipment by the material economy supports the virtual world.

3.3. Comparison of real economy and virtual economy

The contemporary economic system has two important economic forms, both of which are virtual economy and real economy. They have been given new connotations in the context of the new era. They have common points in many aspects, complement and promote each other, and jointly constitute the modern economic system.

First of all, as different components of the national economy, they all play a role in creating value, which is one of the common characteristics of the economy. Whether it is the virtual economy or the real economy, they provide goods and services within their respective fields, meeting people's needs while contributing to society, the emergence of transactions accelerates the circulation of currency. It should be noted that the virtual economy mostly uses emerging digital currency or other forms of electronic currency as the trading medium, which matches the characteristics of the virtual economy itself; the real economy uses traditional physical currency with specific quality and form. Then, the virtual and real economies are well-suited for the development of the market economy as they meet the requirements of the market mechanism. The impact of the market mechanism on both the virtual and real economies is comparable in many areas. The basic supply and demand relationship, price changes and other mechanisms have a far-reaching impact on resource allocation decisions.

Finally, inherent risks are present in both the virtual and real economies, such as market risk, interest rate risk, purchasing power risk, etc. Economic symbiosis with risk is an insurmountable false proposition. What we can do is to use existing technology to actively carry out risk management of the virtual economy and the real economy.

3.4. Distinguish Virtual and Real Economies: A Multidimensional Analysis

From the perspective of essential characteristics, the real economy is a general term for the economic activities created through the production and sale of materials, as well as the direct provision of labor services through economical operations [10]. The real economy covers all aspects of our lives, such as agriculture, industry, transportation, and service industries. Therefore, we call it the heart of the national economy and the material foundation that sustains and advances human society. The virtual economy revolves around the holding and trading activities of virtual does not directly participate in the production and circulation of materials. The virtual economy has emerged due to the rapid development of the credit system, which relies on the financial system, injecting fresh blood into the economic system. Especially since the beginning of the 21st century, it has ushered in a bumper harvest.
In terms of operation mode, the materiality of the real economy determines the need for corresponding visual support such as machines, warehousing and logistics in production, circulation, and consumption, which is also the important cost of the real economy. On the contrary, the virtual economy does not rely on the material requires the support of network platforms and information technology, and the trading methods are also diversified. In terms of risk, the comprehensive and perfect circulation chain of the real economy has greatly improved the stability of economic activities, is less sensitive to economic fluctuations, and the risk is relatively small. On the contrary, the virtual economy is synonymous with nihilism, making it prone to creating moral hazards that increase the risk of taking risks. At the same time, network technology upgrading has a significant effect on the virtual economy framework, and there are high risks involved.

In terms of management, the supervision and regulation of the real economy by the state government and relevant departments is mainly achieved through the introduction of relevant laws, regulations, and policies, which is strong and effective. The risks and challenges faced by the virtual economy are complex and difficult to solve with basic political means, but it has never stopped actively exploring on this road.

4. **Real Economy Under Virtual Economy's Influence**

The real economy and the virtual economy are interdependent and accompany each other. The real economy is the underlying force behind the survival and evolution of the virtual economy, and the virtual economy is inevitable because of the in-depth development of the real economy. In the process of the growth of the virtual economy, it has played the role of a "double-edged sword" for the real economy. The promotion of the development of the real economy is greatly aided by the virtual economy.

4.1. **The positive effect of virtual economy on real economy**

Firstly, the virtual economy plays a role in optimizing the allocation of resources for the development of the real economy. It does so by creating and circulating virtual assets, which shifts the traditional path of financial flows. This redirection of funds steers investment towards sectors and locales poised for robust growth, facilitating a more effective reallocation of resources. Optimizing production factors, such as land allocation, is essential, labor, technology and data makes it a reality to improve production capacity and create more economic benefits [11]. Second, the virtual economy facilitates the financing of the virtual economy and reduces transaction costs. The emergence of the virtual economy has undoubtedly provided more ways and methods for the real economy to finance, so that the financing problem is no longer solved. It also accelerates the flow of market capital, makes complicated and lengthy procedures a thing of the past, and reducing transaction costs. Third, the virtual economy decentralizes the market risks of the real economy and enhances stability. As two different economic forms, the real economy and the virtual economy develop independently on their respective tracks while being interdependent. The coordinated development of the two can borrow from each other to disperse and disintegrate part of the economic fluctuations and enhance stability. Of course, this condition is limited. By developing the virtual economy, the concentration of capital in the real economy can be reduced, eggs can be placed in various baskets, and risks in the economic field can be effectively avoided.

4.2. **The negative effect of virtual economy on real economy**

Certain restrictions on the real economy are also imposed by the virtual economy. There is no limit to the development of the virtual economy. The over-expansion of the virtual economy is likely to
trigger the alarm of the bubble economy, causing the entire market economy to be deadlocked and causing great damage to the market order.

Initially, it diminishes resource allocation efficiency and provokes turmoil in the economic market. The virtual economy's inherent riskiness and speculative nature elevate financial leverage, translating the "low-investment, high-return" notion from concept to practice and igniting a fervor for investment. A significant amount of capital is transferred to the virtual economy sector, thus compressing the financing volume of the real economy, causing the capital chain to break, and the development of the real economy is difficult to maintain. The efficiency of resource allocation has declined, market turmoil has caused the virtual assets to expand sharply, which seriously threatens the development of the real economy. As the foundation and lifeline of the national economy, the real economy, once shaken, will be quickly transmitted to the entire financial and even economic market, and then trigger the domino effect. The collapse of the virtual economy market system leads to the start of the financial crisis, resulting in the country's society and people being in deep depression, affecting the functioning of the real economy, and leading to a decline in the real economy. Capital is being pursued in the virtual economy sector due to the temptation of the virtual economy. The virtual economy receives a substantial amount of money from its pockets. The supply of funds in the real economy is insufficient, and normal production and operation is difficult to guarantee.

Enterprises are facing the dilemma of bankruptcy, the financial system has serious bad debts, and debt arrears and defaults are frequent. The upstream and downstream enterprises are unable to operate, and the tragedy caused by the bubble economy has spread, hitting the real economy hard, and the economic market order is chaotic. As two major forms of the national economy, the real economy and the virtual economy play different roles in social life and possess a certain positive influence on economic expansion.

The real economy is the pillar of the national economy and has established a solid basis for economic contribution. The agriculture, industry, service industry and other departments of the real economy have leveraged economic and social development through production and operation activities. Different from the virtual economy, the actual existence of the real economy determines the stability and long termless of its contribution to a country's is an inexhaustible driving force for the development of the national economy. The real economy promotes the development of society through capital investment and scientific and technological innovation, which not only improves production efficiency, but also creates many jobs. The realization of this process cannot only create wealth, but also maintain social stability and form a perfect closed loop.

In contrast, the virtual economy, as the fresh blood in the economic field, provides a new driving force and path for economic growth with the emerging economic situation. The virtual economy has broken the barriers of transaction restrictions in the real economy in the past. People can place orders anytime and anywhere through the network platform, broaden consumption channels, improve transaction efficiency, and realize the diversified growth of the economy. The rise of the virtual economy has given birth to several new industries. Blockchain technology-commerce, digital finance, etc. have made up for the defects and gaps of the real economy, triggered new economic growth points, and further promoted economic development and social progress. Upgrading and altering industrial structures has been accelerated by the development of the virtual economy, driving the transformation of traditional industries to the direction of informatization and diversification, improving the competitiveness of enterprises, and working with the times to inject new vitality into economic growth.
4.3. **Coordinated Development of Virtual Economy and Real Economy from Gross Perspective**

Despite having a significant difference between the virtual economy and the real economy, there is no simple opposite relationship. Virtual economy and real economy, you have me, and I have you, integrating and promoting each other. According to the above content, it is not difficult to see that the deformed unilateral development of either party of the virtual economy and the real economy will damage the order of economic operation and cause turbulence in the economic market. The development of the two should present a benign interactive relationship and strive to make substantial breakthroughs in the coordination of the development of both virtual and real economies.

4.4. **Optimizing and adjust the industrial structure**

Once there is an imbalance in the economic structure, the production efficiency will be greatly reduced. Accelerating the adjustment and upgrading of the industrial structure is the first step towards coordinating the development of the virtual and real economies. The combination of virtual economy and real economy industry can fully capitalize on the advantages of both, realize digitalization at the technical level, innovate business models and service concepts, and promote the integration and development of different industries [14]. The realization of this goal is inseparable from the support of the government and society. The state can actively build a collaborative development platform to strengthen exchanges and cooperation between different departments and promote the adjustment and upgrading of industrial structure.

4.5. **Improve the market economy system**

The virtual economy and the real economy belong to the market economy system at once and at once, which is an important part of it. The coordinated development of the two also depends on the strong institutional support behind it. We will improve the existing market economy mechanism, constantly meet the new requirements put forward by industrial upgrading, correct and deal with problems arising in the production process in a timely manner, and better adapt to economic development. Strengthen the institutional construction of the market economy system, create a good external environment for the normal operation of various markets, protect the legitimate interests of investors, and acknowledge the natural interdependence of the coordinated growth of the virtual and real economies.

4.6. **Improve the financial supervision system**

The deviation between the virtual economy and the development of the real economy occurs from time to time, and it is difficult to solve it fundamentally. What can be done now is to strengthen financial supervision and standardize market behavior and order. By establishing and improving the supervision mechanism, reducing monopoly and unfair competition, preventing inherent risks in the market, enhancing the efficiency of market operations, and encouraging a positive interaction between the virtual and real economies.

5. **Conclusion**

In conclusion, this paper analyzes the effect between digital economy and physical economy from a macro perspective, reveals the complementary and mutually promoting characteristics of the two, and provides a new perspective for us to understand the relationship between virtual economy and real economy. At the same time, the article also pointed out the opportunities and challenges brought by the virtual economy, as well as the future development trend of the real economy. This information
provides an important reference for government and business decision makers. In conclusion, this study finds that the productive economy and the digital economy are two important forms of economic activity that complement each other and promote each other's development. The physical economy serves as the cornerstone for the growth of the digital economy, fostering innovation and driving technological advancements in various sectors such as e-commerce, fintech, and digital services, and the virtual economy injects new blood into the domain of the real economy. With the emergence of the economic situation, it provides a new impetus and path for economic growth. The virtual economy breaks down the barriers that used to restrict transactions in the real economy. Achieve diversified economic development. Reduce the efficiency of resource allocation, so that "low investment high return" becomes a reality, and it can also reduce the cost of the real economy, when the two are combined, it is the time for rapid economic development. The unilateral development of either side will damage the order of economic operation and lead to fluctuations in the economic market. Therefore, it is important to promote coordinated development among them and to strive for substantial breakthroughs in coordinated development. The current real economy and virtual economy have not been fully integrated, but with the innovation of technology and social development, the integration of virtual economy and real economy will be closer. In this process, how to achieve the coordinated development of the two, mutual benefit and win-win problems. This paper puts forward some concrete measures and suggestions, such as optimizing the industrial structure, strengthening the financial supervision, and improving the market economic system. Overall, the coordinated development of the physical economy and the virtual economy is not only an important task, but also a necessary condition for achieving sustainable economic growth.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

References
