

The Role of Diversity in Economic Prosperity

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Abstract—By investigating the rise of ethnic diversity in Xinjiang and studying economic changes caused by migration, social, and economic issues in general, this paper proposes that diversity and economic development are linked. While some argue that the costs of immigration and increased violence or insecurity worsen the local economic situation, I argue that diversity has promoted economic expansion in Xinjiang.

Index Terms—Diversity, development, Xinjiang, Gansu.

I. INTRODUCTION

Diverse ethnicities and varied cultures can have a radical effect on a region. This effect can cut across domains—economic, political, and social. It is my contention that under certain conditions, diversity promotes an economy tremendously—mainly when a community is prepared to welcome everyone regardless of religion or ethnicity. In order to show the relationship between diversity and economic outcomes, I will compare two very similar places that are nonetheless very different in terms of culture, politics, and recent development. These two Chinese provinces are Xinjiang, a highly culturally diversified province, and Gansu, where the majority of the population is of Han ethnicity—which nonetheless shares historical similarities with Xinjiang due to its geographic proximity. Thus, these two places highlight the impact of diversity on a region's economic, political, and social life. Even though both Gansu and Xinjiang are in the northwestern part of China, in recent years, the economic development of these two regions has taken two radical paths due to their differences in terms of cultural diversity.

The benefits of the Great Leap West are felt throughout Xinjiang's economy. Regional economic development amidst its diverse economy has expanded apace, “[1] with GDP per capita growing by a factor of 39 from 1998 to 2014. In contrast, Gansu's GDP per capita only grew by about a factor of 30.” In addition, Gansu's small population (relative to China's other provinces), with its majority Han ethnicity, has increased at a lower rate than the national average ever since 2010. Compared to Xinjiang, Gansu also has relatively low population mobility, which negatively affects the prosperity of its economy even though there are various central government strategies, initiatives, and programs planned by the Chinese government that tried to promote Gansu's agricultural industries and urbanization.

II. PROCEDURE FOR PAPER SUBMISSION

Xinjiang today is culturally diverse. Xinjiang is an

autonomous region of Uyghur concentration, occupying one-sixth of China at

“the northwestern corner of the country. It is bordered by the Chinese provinces of Qinghai and Gansu to the east, the Tibet Autonomous Region to the south, Afghanistan and the disputed territory of Kashmir to the southwest, Kyrgyzstan and Tajikistan to the West, Kazakhstan to the northwest, Russia to the north, and Mongolia to the northeast.” [2]

In fact, Xinjiang is China's largest political unit. The east side of Xinjiang has about 17 million people, who are 47% of Uyghur and 38% Han; the rest are minority ethnic groups. Furthermore, there are about 13 major ethnic groups that

“have been involved in constant migration due to great changes in the natural environment. These population movements have caused religious and cultural intermingling, producing the region's present unique customs. These are expressed through diet, costume, wedding and funeral ceremonies, as well as religious beliefs, values, taboos and art. It is no wonder that whoever visits is deeply impressed by Xinjiang's rich cultural diversity.” [3]

This cultural diversity combines with Xinjiang's particular history to create ideal conditions for economic development. In the ancient period, geographic advantages meant that Xinjiang was an area where many business people chose to live and develop their cultures. Circa 130 BC, the start of the Silk Road, significantly advanced economic conditions in the area. Cultural and ethnic exchange picked up its pace. The Silk Road route was an extensive network of markets and exchanges for distribution and storage of goods. Many items were traded during the time, such as fruits, vegetables, livestock, grain, leather and hides, tools, religious objects, artwork, precious stones, and metals. Also, the route was also a platform for cultural interaction. Businesses inevitably involve communication; therefore, people from different cultural backgrounds actively share their language, culture, religious beliefs, philosophy, and science with each other.

The benefits of the Silk Road were critical for the human race. Interaction between the West and East laid fertile soil for a more advanced civilization, which contributed to the invention of paper and gunpowder. Both of these commodities were invented by the Chinese during the Han Dynasty and had obvious and long-lasting impacts on culture and history in the West. They were also among the most-traded items between the East and West. In addition, the prosperity of the area attracted people from a broader and broader cultural sweep, which allowed new ethnicities or groups to appear in this area—which survived by absorbing the cultures. [2]

In ancient times, a multi-cultural environment was formed in Xinjiang, which had unique regional cultural features since the ancient Silk Road had boosted the economies of the

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kingdoms of the Western Regions. In this way, the ancient process of creating a culturally diverse trading route demonstrated that the positive impact of intercultural and interethnic communication could benefit both sides. Even today, it is not hard to imagine busy activities in the Xinjiang desert.

III. POLICY RECOMMENDATIONS

As I have already suggested, diversity has favorably influenced economic outcomes in Xinjiang. We found this diversity directly benefits the region's population mobility, migration, and openness to other cultures—which all ended up being essential factors that contributed to the rapid growth of the economy within the region. These results from the pre-modern period have implications for contemporary policymakers. Governments open to greater diversity that wish to stimulate economic growth may indeed expect favorable economic outcomes.

Even though Xinjiang is a good case study of how diversity can contribute to economic growth, there are some who argue that the costs of immigration and increased violence or insecurity worsen the local economic situation. “Despite an official ideology that recognized them as equal citizens of the communist state”.[4] Uyghurs “have always had an uncomfortable relationship with the authorities in Beijing. In 1933, amid the turbulence of China's civil wars,” Uyghur “leaders in the ancient Silk Road city of Kashgar declared a short-lived independent Republic of East Turkestan. But Xinjiang was wholly” absorbed “into the new state forged by China's victorious Communists after 1949, with Beijing steadily tightening its grip on the oil-rich territory. Its official designation as an “autonomous region” belies rigid controls from the central government over Xinjiang, and a policy of settling hundreds of thousands of Han Chinese there”

has left the Uyghurs “comprising a little less than half of the region's roughly 20 million people.” I will show, however, in the long term, government intervention can minimize this cost, leading to still more positive outcomes.

On 17 June 1999, President Jiang Zemin launched the “Great Leap West”, through which Xinjiang has undergone intense infrastructural development, investment, and demographic transformation. The campaign for such a huge project was the culmination of “fifteen years of preparation set to a budget of about one hundred billion RMB in the first year,” and targeted Xinjiang as a focal point. The massive infrastructure project has included airport expansion, railway lines, telecommunication networks, and high voltage electric wires designed to transport electricity from the surplus western provinces to China's eastern area. The high investment shows governments high attention on this crucial area. The purpose of these projects was to stabilize the tension between ethnicities by using economic stimulus to fuse together the various competing ethnic groups.

One of the key tenets of China's manifest destiny is ensuring the development of untapped resources throughout the region. “Xinjiang is China's largest growing base of cotton, lavender, and hops; it is also a major area of raising sheep and cattle and fine-wool production (Hong Kong Trade Development Council 2017). The agricultural sector alone

accounted for 17.6% of the country's GDP in 2012.[5] Additionally, Xinjiang is rich in mineral deposits: its oil, natural gas, and coal reserves are the largest in the country.” “Since 1993, China has been a net importer of oil.”[6] “And as long as China's economy and booming population continue to grow at its current pace, so too will its energy consumption”[7]—which has resulted in an increasing reliance on Xinjiang.

Another key project launched by the Chinese government was China's newly unveiled Silk Road Economic Belt Initiative. This project ties Central Asia in with the restive Xinjiang region, which opens up a new point of contention—namely, what impact the New Silk Road will likely have on the Uyghur “minority in Xinjiang. Although this initiative represents China's primary interest in energy, raw materials, and markets that will continue to drive economic growth, it cannot be understood only in economic terms. The New Silk Road is undeniably related to security issues in China's Western frontier, beset with what Beijing calls the “three evils” of terrorism, separatism and fundamentalism.”[8]

In addition, Beijing has invested heavily in the construction of infrastructure under the guidance of Xinjiang Production and Construction Corps, “which has been heavily involved in construction, pipeline development, and road and rail improvement...The Xinjiang Production and Construction Corps is also involved in land development to help settle new immigrants. Taken together, resource extraction and massive infrastructural developments have led to a booming trend in GDP.”[9]

All these developments led to migration; and the migration in turn shaped the economic prosperity of the region. The development of the Great Leap West and the New Silk Road projects have attracted many businessmen and workers to come and find opportunities rare in more-developed provinces. Many now view Xinjiang as a land of opportunity. Its rich resources and diversified cultural environment are unique.

IV. A COMPARISON WITH GANSU

Comparing Xinjiang's economy with that of a less diverse province, Gansu, will sharpen the point that diversity makes a significant impact. Gansu is located at the nexus of five northwestern provinces of China. It had assumed a key location along the ancient Silk Road, and has maintained the regional prominence up to today. The province is located in China's deep northwestern inland. The province is located between China's three major natural geographical and climate zones and thus possesses very diversified land morphologies—including mountains, plateaus, plains, valleys, and deserts. However, most of these areas are not suitable for human habitation. Even inhabitable areas, living conditions are usually far from desirable due to the harsh climate. Gansu has a very typical temperate continental climate. The climate is typically dry or semi-dry, and the land is barren and faces the threat of desertification, except in the rare oases, which usually offer a suitable place for urban developments.[10]

In comparison to other provinces, Gansu has a small population. This population is majority Han and geographically unevenly distributed; “the population has

been increasing at a lower rate than the national average since 2010. In 2016, Gansu had a permanent population of 26.1 million, ranking 22nd among China's 34 provinces. Since 2010, the population has been increasing at an average annual rate of 0.32%, significantly below the national average of 0.50%. (Figure 3) In addition, the population is unevenly distributed, with the southeast prefectures having the highest densities. Ethnic Han account for 90.57% of the total population."

The population disadvantage also limits Gansu's economic performance. Unlike Xinjiang, the homogeneous culture of Gansu does not attract other ethnic groups. This has led to a trend towards an aging population. In Gansu, the working-age population began to decrease in 2015 for the first time in sixty years. Census data from 2010 "showed that the population aged 15-64 accounted for 73.61% of the total population. In 2015, however, a 1% survey showed that the percentage had dropped to 72.63%"--likely because of the massive out-migration of the work-age population."

Both Gansu's urban and rural residents have a lower income level than the national average, so does household consumption. Both urban and rural income in Gansu ranks the last position among all provinces in the country. Despite this, household expenditure in Gansu is relatively substantial; per capita, public spending ranks fourth from the bottom, and that of those in rural areas ranks third from the bottom. When disposable income in China as a whole is divided by quintiles, "the per capita disposable income of urban residents in Gansu is 2,5693.5 yuan, between the Lower Middle and Middle quintiles; the per capita disposable income of rural residents is 7456.9 yuan, between the Low and Lower Middle quintiles."

Gansu Province has been seriously lagging behind in transportation and other infrastructures, although the situation has been improved in recent years with increased investments. Gansu's transportation has long been insufficient due to persistently harsh natural conditions and a sparse population, as well as severe underinvestment. However, this situation has changed quickly "in recent years with increased national and provincial investments. "In 2015, the total road mileage in Gansu was 133,590 kilometers, of which 3,600 kilometers were highways. The total railroad mileage was 4,245 kilometers, of which 860 kilometers were high-speed rails. (Gansu Development Yearbook, 2016)"[11] "The province plans to invest up to RMB 800 billion in the next six years in order to add another 70,000 kilometers of roads and railroads. Regarding air transportation, in 2015, the Lanzhou International Airport had accommodated more than 8 million passengers, and Dunhuang International Airport was put into operation in recent years. The two international airports are now operating more than 30 international lines."[12]

"Gansu's rural infrastructure has also been weak for a long time, and the situation has also been improved in recent years with increased investments. In 2015, the total mileage of rural roads amounted to more than 120,000 kilometers, and 82% of the villages had been accessible to paved roads. Over the past five years, national and provincial financial transfers of RMB 10.38 billion has enabled the reconstruction of rural shanty houses for 1.03 million rural households. Eighty percent of rural households had access to tap water. Nearly 90% of the

villages had access to industry-grade electricity supplies for irrigation. However, the proportion of administrative villages that have a domestic waste treatment system is only 17.5%, well below the national level of 48.2%."[13]

Gansu has a weak, slow-growing economy, with significant urban/rural and geographical disparities. "In 2016, Gansu's per capita GDP was RMB 27,643, per capita, urban resident dispensable income was RMB 25,693, and per capita, rural resident net income was RMB 7,457. All three of these statistics ranked last among China's 34 provinces. They suggest that Gansu's economic growth has been slow in recent years: in 2016, the economic growth rate was 3.6%, ranking 31st across China's provinces. The urban/rural income gap is big and has been widening. From 2000 to 2017, the gap had grown from RMB 4027 to RMB19687, 3.44 times the level for the base year. Geographical disparities also prevail. Major cities regions, as well as regions with better natural settings, typically have higher incomes, while regions such as Dingxi, Longnan, Gannan and Linxia, are less developed. Among them, Linxia and Gannan are both ethnic minority autonomous regions, where development status is especially critical due to weak educational awareness, geographical restrictions, lack of resources, lack of historical accumulation, and industrial backwardness. Lastly, urban/rural income disparity also has a geographical factor. The income gap forms a decreasing gradient from the southeast part of the province to the northwest part."[10].

V. CONCLUSION

The success of the ancient Silk Road centered around Xinjiang demonstrates the crucial value diverse cultural exchange can play in economic outcomes. The diversity of cultures at the Silk Road created opportunities for all parts of the region. Even though conflict might exist when different cultures attempt to coexist, however, the contemporary Chinese government responded to this challenge by promoting projects such as The New Silk Road and The Great Leap West. These projects contributed to the development in areas of infrastructure, transportation, agriculture, urbanization, construction, pipeline development, road and rail improvement, demographic transformation, and population mobility. The economic prosperity of the region has been enhanced by its unique cultural openness. In contrast, Gansu has a lower population diversity and much less ethnic diversity, with the majority of the population of Han descent. This ethnic concentration has led the government to pay less attention to the region's expansion and development, which has in turn contributed to lower population growth and an ageing population. Comparing Gansu and Xinjiang reveals the importance of cultural diversity. Cultural diversity has contributed to population mobility and population growth, which in turn has helped develop the local economy and the region as a whole.

CONFLICT OF INTEREST

The authors declare no conflict of interest.

AUTHOR CONTRIBUTIONS

Zeqi Lu is the only author to this work, he had approved

the final version.

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