

# A Study on the Relationship between Multiculturalism and Economic Development in Yunnan from the Perspective of Border Governance

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**Abstract:** As a crucial line of defense for national sovereignty, border regions play a pivotal role in the political spatial layout. Yunnan, situated in China's southwestern frontier and characterized by its multi-ethnic population, exhibits a complex and interdependent relationship between its unique cultural diversity and economic development. Spanning a 4,061-kilometer border and home to 26 ethnic groups, Yunnan serves as a quintessential example of border governance and the integration of culture and economy against the backdrop of national strategic initiatives such as the Regional Comprehensive Economic Partnership (RCEP) and the "Belt and Road" initiative. This study, viewed through the lens of border governance, reveals that the historical tensions among geographical isolation, corridor openness, and dynastic integration have fostered a pluralistic symbiotic system characterized by the principle of "unity in diversity." In the contemporary context, the synergy between traditional festivals and modern tourism, intangible cultural heritage techniques and e-commerce, as well as cross-border ethnic networks and port trade, transforms cultural resources into industrial capital. This transformation significantly reduces transaction costs through informal institutions such as ethnic festival credit, bilingual communities, and relational networks. On the governance front, a quintuple mechanism for stabilizing

borders-including infrastructure interconnectivity, institutional innovation in free trade zones, and diverse governance forces-integrates security governance with open cooperation within a unified framework. Moving forward, it is essential to balance development and protection through innovative cultural governance and establish mechanisms for cross-border standard mutual recognition and benefit-sharing, ensuring that multiculturalism becomes a sustainable driving force for the high-quality economic development of border regions. This has profound implications for exploring a border governance model with Chinese characteristics.

**Keywords:** Border Governance; Multiculturalism; Economic Development; Yunnan Region

## 1. Yunnan's Special Role in National Border Governance

The Chinese civilization community has formed a unified whole-through prolonged historical development of a variety of political, economic-cultural and other multifaceted elements. The long history of social relations among region and ethnic groups has facilitated the development of a different social organization or social structure. There is a unique character of unity in diversity. China's civilization is diverse, not just Han but other ethnic minorities' elements also contribute to the maniness speaking of the richness of the

origins and development of Chinese civilization. Long Chinese civilization has formed mutually integrated a harmonious whole, which has been known for thousands of years. It is precisely because of the integration of various ethnic cultures that the formation of this harmonious whole has originated and developed. This is also an important characteristic of Chinese civilization. From the viewpoint of historical development, this community gradually evolved into something that is above the oneness of ethnicity along with the formation and development of a unified multi-ethnic state. Its evolution has gone beyond the historical barriers of the mutations of dynasties and manifests an organic unity of historical continuity and phase evolution. Through the lens of geography, the diverse ethnic groups in China have emerged in significantly varied natural ecological environments, leading to multi-dimensional cultural aspects. The different ethnic groups that are spread across the regions maintain their essential characteristics within their linguistic systems, customs, religions and other belongings. Simultaneously, they also exhibit remarkable traits of mutual integration and harmonious co-existence. The structurally pluralistic but collectively unified China has laid a stable foundation for the historically interconnected and interdependent relationship between ethnic groups in China [1].

Yunnan, located in the southwestern frontier of China, is a typical area with special geographical conditions and a rich ethnic culture. It is a typical frontier area with special geographical conditions and a rich ethnic culture. Therefore, Yunnan is a first choice area to study frontier governance. Yunnan shares a land border of 4,061 kilometers with Myanmar to its west, Southeast Asia to its south and Laos and Vietnam to its southeast. The province is inhabited by 26 ethnic groups, comprising 25 ethnic minorities, 15 of whom are aborigines. The frontier regions of Yunnan are characterized by multi-ethnicity [2]. In January 2020, General Secretary returned to Yunnan, where he delivered a major speech. This text is about the need to implement the essential systems that act as the pillars of the social system with Chinese characteristics in Yunnan. The country's ability to manage ethnic frontiers must be continuously improved by the organization. This has set the coordinates, clarified the positioning, and assigned the

mission for the high-quality development of Yunnan. Yunnan, as a less developed province, has established a distinctive development pattern owing to its unique geographical location and ethnic composition. Based on regional realities, it is essential to delve deeply into the provincial characteristics of "frontier uniqueness, ethnic integration, ecological beauty, and resource abundance." In the process of serving the national strategic layout, continuous efforts should be made to advance the modernization of the frontier governance system, focusing on enhancing the scientific, normative, and intelligent levels of governance. Efforts should also be made to explore the realization of transforming "institutional advantages" into "economic advantages".[3].

By 2025, the in-depth development of the "Belt and Road" initiative and the comprehensive implementation of the RCEP will continue to elevate the geographical strategic value of Yunnan Province, making it a key strategic corridor between China and Southeast and South Asia. This unique locational advantage offers both new development opportunities for frontier governance and a host of challenges that require an urgent response. The coordinated development of cultural resources and economic construction requires new models, as the current model is inadequate. In this respect, computing the political identity of Yunnan, and its effective integration of ethnic area into distinct cultures, must be made the focus. This endeavor will facilitate the modernization of the national governance system and governance capacity in the new era, providing theoretical points of reference and practical models for exploring Chinese characteristics of sustainable development.

## 2. The Historical Origins of Yunnan's Multiculturalism

The Yunnan region has been an important juncture of Chinese civilization and Southeast Asian civilizations, and has a long history of multi-culture evolution. Yunnan, with its complicated geography, offered natural shelters to ethnic groups since ancient times. As a result, the Di-Qiang, Baiyue and Mon-Khmer peoples created communities in Yunnan between the Hengduan Mountains and the Yunnan-Guizhou Plateau in prehistoric times. The geographical environment, through its isolating effects, helped preserve the traditional cultural

characteristics of these ethnic groups while also providing favorable conditions for the convergence of various cultures, thus creating Yunnan's diversity. The establishment of the commandery-county system during the Qin and Han dynasties, along the Southern Silk Road, facilitated the southward expansion of the Central Plains civilization, which blended with local culture, creating the initial cultural pattern of "Han and non-Han coexistence". There are also views that the sustained inheritance of Yunnan's regional culture, located on the border, is largely due to the important role of the Confucian cultural tradition centred on the Confucian Temple. The cultural exchange model can be examined in four main dimensions-geography, migration, interaction, and institutions. This helps in observing the central institutional civilization of China merging with the local ethnic cultures thus producing a symbiosis zone of multi-ethnic groups and multi-cultural forms in China [4].

### **2.1 Geographical Foundation: Three-Dimensional Landforms Create a Cultural "Incubator"**

The Yunnan-Guizhou Plateau is very mountainous; mountains comprise 94% of the total area of the plateau. In the region, there are six water systems such that the three-dimensional climate, one of the main macro-systems of the Earth with the northern and southern distances of almost 8 latitudes, breaks down this land into many relatively independent small ecosystems. Because of the dramatic differences in elevation, Yunnan has formed vertical climatic zones from tropical rainforests to alpine meadows. This peculiarity of the region has urged ethnics at various altitudes to create their production methods and cultural traditions that suit their living environment. The Dai people in the low-altitude valley areas developed a water-culturing agricultural civilization based on rice, eventually forming a water-worship culture. Conversely, in the high-altitude mountain area, the Yi people developed an economically integrated production model of upland agriculture and animal husbandry. Due to geographical isolation, there is considerable diversity in the material culture of the Burnt Hills. It was thought that the area would have a stable inheritance pattern before the spread of roads. The same ethnicity has been affected by

the separation of mountains and rivers. Hence, it evolves its language, livelihood and belief system in isolation from others. As a result, it creates a unique cultural phenomenon where "customs differ within ten miles and dialects vary within a hundred miles".

### **2.2 Ethnic Origins and Migrations: Multiple Corridors Converge Diverse Populations into One Province**

The Di-Qiang ethnic groups migrating from the northwest advanced southward along the eastern edge of the Qinghai-Tibet Plateau, disseminating the plateau's unique pastoral and farming culture to new regions. Meanwhile, the Baiyue ethnic groups, including the Zhuang, Dai, and Buyi, originating from the southeast, moved upstream from the Lingnan region, introducing advanced rice agriculture and textile techniques inland [5]. In the south, early inhabitants of the Mon-Khmer language family, such as the Wa, Blang, and De'ang, migrated northward from the Mekong River basin, leaving behind a profound tradition of tea culture and unique beliefs surrounding wooden drums. During the Yuan, Ming, and Qing dynasties-a critical phase in the formation of Yunnan's multicultural identity-the Han, Hui, and Mongol ethnic groups from the Central Plains migrated successively due to military garrisoning, agricultural development, and commercial activities, further enriching the local cultural landscape and adding diverse hues of Han and Islamic cultures. Throughout this long-term cultural integration, the Han ethnic group adopted agricultural production techniques and living customs from minority groups, while the minority groups assimilated social management methods and cultural elements from the Han, thereby constructing a cultural symbiosis characterized by 'mutual blending and interpenetration.' The convergence of diverse populations has rendered Yunnan a 'microcosm' exhibiting the most complete array of ethnic groups within China.

### **2.3 Long-Term Interaction: A Fusion Mechanism of Alternating Closure and Openness**

Due to the barriers posed by the alpine environment, small-scale ethnic groups have managed to preserve their languages and ritual systems in their entirety. In contrast, the valley areas and ancient salt and horse trade routes that traverse these regions provide periodic channels

for interregional communication. Consequently, a chessboard-like pattern of 'large dispersion and small settlements' has emerged, with flatland areas and towns becoming significant hubs for multi-ethnic interactions, facilitating social functions such as trade, inter-ethnic marriages, and shared festivals. Meanwhile, mountainous and peak areas have relatively well-preserved traditional ethnic cultures. This symbiotic and inter-embedded spatial pattern not only effectively maintains cultural diversity but also fosters regionally consensual cultural symbols, such as the Dai New Year and the Torch Festival, which transcend the boundaries of individual ethnic groups.

#### **2.4 State and Local Systems: Political Integration from Loose Control to Provincial Administration**

During the Han Dynasty, the establishment of Yizhou Prefecture and Yongchang Prefecture marked the beginning of China's indirect governance over Yunnan. During the periods of the Nanzhao and Dali Kingdoms, the Bai and Wu peoples, along with Buddhism from the Han regions and esoteric Buddhism from Tibet, intermingled, giving rise to the trans-ethnic "Dianmi" cultural sphere. The Yuan Dynasty established the provincial system, and during the Ming and Qing Dynasties, the policy of "Gai Tu Gui Liu" (replacing local chieftains with state-appointed officials) was implemented. Through land reclamation by immigrants and the construction of a post road system, Yunnan was integrated into the national economic system. The Chinese language, Confucianism, and the imperial examination system gradually became shared cultural resources among various ethnic groups. Although political unification did not eliminate cultural differences, through taxation, commerce, and education, diverse cultures were incorporated into a broader communal framework [6].

In a comprehensive view, Yunnan's multiculturalism transcends a mere juxtaposed "assortment", it represents a system of "symbiotic diversity" formed through the long-term interplay of three forces: geography, population, and institutions. This dynamic exists amidst the recurrent tensions between isolation and openness, as well as differentiation and integration. This historical process has endowed the contemporary Chinese national community with dual experiences of "unity in diversity" and

"diversity in unity."

### **3. The Contemporary Manifestation of Yunnan's Multiculturalism**

In the contemporary social context, Yunnan's multiculturalism exhibits distinctive characteristics of dynamic evolution and innovative integration. With the improvement of transportation infrastructure and the popularization of digital technology, the phenomenon of cultural isolation originally formed by geographical barriers has significantly weakened. In its place, a multi-level, cross-regional cultural interaction pattern has emerged, shifting ethnic cultures from closed inheritance to open sharing. This transformation is prominently reflected in three dimensions: the fusion of tradition and modernity, the dialogue between ethnic groups and the world, and the symbiosis of intangible cultural heritage and daily life, forming a tangible, usable, and transmittable living cultural system.

#### **3.1 The Integration of Ethnic Culture and Agricultural Wisdom**

Ethnic cultural activities represent a composite form where tradition intertwines with modernity. In the ancient city of Lijiang, Yunnan, the cobblestone paths wind and twist, while the traditional Naxi dwellings exude an elegant simplicity. Our country's leaders has emphasized the importance of protecting and transmitting excellent traditional Chinese culture. It is his responsibility to narrate to tourists the fascinating stories of ethnic integration in this ancient city, allowing the world to appreciate the cultural beauty of Lijiang. The ancient city of Lijiang harmoniously combines the architectural elements of the Naxi Mu Residence and the caravan landscapes of the Ancient Tea Horse Road with modern homestays and light-and-shadow night tours, thereby preserving the authenticity of the ancient city while creating new cultural consumption scenes. Honghe Prefecture employs the 'Cloud Terraces' digital platform to widely showcase the traditional farming civilization of the Hani people to a global audience. This innovative presentation of culture enhances the sense of belonging among local communities while fostering cultural understanding for international audiences. Particularly noteworthy is the

increasingly prominent cross-border cultural characteristics against the backdrop of deepening regional cooperation. Utilizing the RCEP cooperation mechanism, cultural exchanges between China and Southeast Asian countries have become more frequent. Cross-border ethnic groups, such as the Dai and Shan peoples along the China-Myanmar border, and the Miao and Hmong peoples along the China-Vietnam border, have developed unique patterns of cultural interaction in areas such as shared festivals and the inheritance of traditional crafts [7].

### **3.2 Dialogue between the Nation and the World**

Yunnan is said to be the “Gene Bank of Ethnic Cultures” because it has the lanterns of the Han ethnic group, Bai ethnic group’s tie-dye, the embroidery of the Yi ethnic group and the ancient Dongba script texts of the Naxi ethnic group. These various ethnic groups interchanged and mingling with one another which resulted in basically a rich culture that bears several characteristics. In 2018, Shanghai put forward the proposal of “deepening cultural assistance, helping ethnic regions in Yunnan tell ethnic stories better, and improving their attractiveness and influence”. Based on the in-depth friendship and multi-level exchanges and cooperation between Shanghai and Yunnan, the project “Yun Yi Ru Hu” comprehensively presented the contemporary art of Yunnan’s 26 indigenous ethnic groups in Shanghai. The cultural exhibition on ethnic minorities in China promotes cross-regional and cross-media dialogues between various art forms. This project serves as an important platform for Yunnan contemporary art to enter Shanghai and this communication creates a spiritual bond between Shanghai and Yunnan exchanges and cooperation, while a new charm offers an authentic and unique display of Yunnan’s rich and diverse culture.

### **3.3 The Symbiosis of Intangible Cultural Heritage and Daily Life**

In recent years, various areas of Yunnan Province have actively explored innovative practices of intangible cultural heritage inheritance of ethnic groups, which are ingeniously integrated into various aspects of modern life. Thanks to various ways, the intangible cultural heritage has been integrated

into the tourism industry in food, accommodation, transport, travel, shopping, entertainment and more. Localities, fully exploiting intangible cultural heritage resources, such as folk literature, traditional music, dance, fine arts, craftsmanship, and folklore, have integrated them with emerging tourism products like hotels, thereby establishing an organic linkage between intangible cultural heritage and tourism accommodation element. At the same time, cultural and creative products based on traditional crafts related to intangible cultural heritage are on the rise, fostering the development of the intangible cultural heritage industry featuring gold, wood, earth, stone, and cloths. Located in Tengchong, Baoshan, the Gaoligong Mountain Cultural and Creative Industry Park has settled masters of many intangible cultural heritage crafts. The park is based on intangible cultural heritages of shadow puppetry, pottery making, rattan weaving, paper umbrella making, and handmade paper making as well as traditional cloth shoes and Achang ethnic brocade. Visitors can experience them there. The park under the “Intangible Cultural Heritage+” activation and inheritance strategy closely integrates traditional crafts and innovative products with modern life and market needs, making the intangible cultural heritage more relevant to contemporary life. Also, it strives to offer residents and tourists a cultural treasure and a spiritual home.

### **4. Current Status and Challenges of Economic Development in Yunnan**

In recent years, Yunnan’s economic development has continued to achieve breakthroughs to establish a development model with regional characteristics of border governance. As the “Belt and Road” initiative and Regional Comprehensive Economic Partnership (RCEP) implementation deepens, Yunnan is making the most of its geographical advantages, which connects China with Southeast Asia and South Asia, and gradually constructing a new pattern of an open economy. The establishment of cross-border economic cooperation zones and the accomplishments of border trade are remarkable. In the meantime, the port economic belt emerges as a crucial regional development pole in the future. The operation of the China-Laos Railway and the construction of the China-Myanmar Economic Corridor have confirmed Yunnan’s role as an

international thoroughfare during recent years. Major improvements have been made to the optimization and upgrading of industrial structure. According to the report on the 2022 Guangdong Economic Operation, the added value of the tertiary industry reached 913.448 billion yuan, a growth of 4.9%, and the service industry's contribution to economic growth increased further. In 2024, high-tech manufacturing value added surged by 17.7%, and silicon photovoltaic, green aluminum, and new energy battery became the industry's new trio. Our province has a solid foundation in grain production in the Agriculture Sector. The total output value of agriculture, forestry, animal husbandry and fishery of the province reached 236.302 billion yuan, up 2.8% year on year, according to the statistical data. The total summer crops production has been estimated at 2.6703 million tons thus, up by 1.1%. Plateau characteristic agriculture has accelerated, and the scale of "green Yunpin" continues to expand. In the first six months of this year, production of tea, coffee, fruits and Chinese medicinal herbs grew by 5.1%, 14.8%, 5.2% and 11.4% year-on-year, respectively. In January, the per capita disposable income of residents was 15,050 yuan, an increase of 5.3% in the first half of 2025. When factors for price have been discounted, growth was really 5.3% The urban residents' income increased by 4.3% and the rural residents' income grew by 5.8 which further narrowed the urban-rural income gap. The consumer price index has remained stable, which has essentially secured the basic needs of the people. Yunnan has made remarkable progress in seeking sustainable development of mountain resources of various ethnic cultures, using innovative design and immersive experience to transform ethnic cultural resources into economic momentum.

Yunnan's economy has developed rapidly, but structural problems remain powerful. Transportation networks, water conservancy system, and slow energy internet construction in remote areas and the border area are unsatisfactory. Increasing logistics costs and constraints in utilizing green resources are caused by these factors. Moreover, the share of resource-dependent enterprises continues to be rather high, with short industrial chains and low added value. The agriculture sector is dominated by small farmers. It is also poorly integrated. Apart from agriculture, other productive

activities are weak. Furthermore, there are not enough agricultural services and tourism activities. The development gap between central Yunnan and other prefectures, border ports and inland areas, urban and rural areas and ethnic regions is widening, which has resulted in the uneven distribution of public services. The exodus of high-end talent is noteworthy. Vocational education is not aligned with industry needs. Further, ethnic minority groups are disadvantaged in the struggle for employment. Moreover, ecological governance is also challenging. Mine recovery is slow, and non-point source pollution seriously endangers water safety. Abnormal climate phenomena are on the rise. Also, it is difficult to coordinate ecological protection with economic development. The mechanisms for cross-border collaboration are inadequate, as the market-oriented reform of production factors lags behind. The boundaries of ownership and benefit-sharing of ethnic cultural heritage ought to be clarified, and the business environment needs further improvement. The ability to produce new technology is not enough. Businesses are weak and cannot compete. Not enough type of technology can reach the market because of digital transformation. The obstacles to innovation are curtailing the upgrade of the industrial value chain. But high-level and leapfrog development in border areas requires continuous efforts. The objective historical factors and subjective reasons on development ideas and institutional mechanism are the two causes for their occurrence. To tackle these issues, it is necessary to consider the real situation of ethnic regions with border areas, the relationship between economic development and cultural survival, and the improvement of quality sustainable development through system measures [8].

## **5. The Impact of Border Governance on the Economic Development of Yunnan**

The border governance plays an important role in the regional development of Yunnan and has a great effect on the economic structure. The concept of governance emphasizes the balance of security and growth, creating a stable development environment for Yunnan. With the opening-up process, a core issue that requires urgent attention is the strengthening of border governance. Through the cooperation of ports and cross-border cooperation, border trade have

been done in an orderly manner. Implementation of important projects like the China-Myanmar oil and gas pipeline and the China-Laos railway have been realised effectively due to proper border governance. Governance policies play an increasingly important guiding role. The "Prospering Border Areas and Enriching the People" project is supported by special funds and encourages the development of the specialty planting and ethnic tourism industries in border counties and cities. The result is the formation of the development pattern for "one county, one industry". This continues the historical path but also innovates in line with the new era. This affects the construction of infrastructure, upgrading of industry, opening to the outside world, social stability and sustainable development.

### **5.1 Infrastructure Interconnectivity: Breaking the Physical Barriers of "Borderlands"**

The government has been consistently ramping up infrastructure investment in backward regions to alleviate poverty. This has improved the accessibility and convenience of local areas by enhancing public facilities like transportation networks and communication systems; thereby promoting inter-regional economic and cultural exchanges, injecting strong momentum into the economic development of local areas. Yunnan's infrastructure construction has achieved great accomplishments, which are a source of transformation over the last few thousand years. However, in the poor areas of the province, the scale and quality of infrastructure are still inadequate and urgently need to be further optimized and upgraded. Developed countries should boost investment in underdeveloped regions while strengthening the investment in infrastructure that will enable the opening up the "main arteries" and "micro-circulation" of economic and social operation in underdeveloped regions. Moreover, the governance of the frontier should further focus on the issue of being a "cargo passage" instead of an "industrial hub", and further delve into the issues of small scale of border ports in Yunnan, weak supporting facilities, low customs clearance efficiency, etc. This will speed up the development of high value-added industries and the bottleneck of economic development at Yunnan's ports [9].

### **5.2 Industrial Transformation and Characteristic Economy: From Resource Dependency to Diversified Drivers**

The introduction of the border governance system has released the cultural and economic potential in full. Through the establishment of ethnic cultural ecological protection zones and intangible cultural heritage workshops, traditional handicrafts have been successfully turned into distinctive products. This change will not only create more jobs in the border areas but also increase the income of ethnic minorities. E-commerce has helped ethnic handicrafts like Dali tie-dye, Lijiang silverware and more achieve great popularity at home and abroad. It has formed a new development path that integrates cultural intellectual property and industry. Also, border trading has been upgraded as more cooperation zones have been set up. "Ruili Jiegao Border Trade Zone makes it easier to clear customs and helps to increase the transaction volume of various goods. For example, the transaction of jade, agricultural products and more. This border trade increases border stability and helps to inject new economic vitality." China's has continuously advocated the cause of ethnic unity and advancement in these border areas. An effective government policy of bilingual education and mixing of ethnic community have improved mutual understanding of ethnic groups and reduced language barriers for economic transactions. Xishuangbanna Dai Autonomous Prefecture is innovatively exploring the "ethnic unity+" development model. This model organically incorporates unique ethnic cultural elements into tea garden tourism, ethnic distinctive homestays, etc., and successfully creates a unique ethnic industrial chain. Governance in the border areas hinges on acknowledging and comprehending Chinese culture, which advocates for harmonious cooperation and mutual benefit among various ethnic groups in their industrial development initiatives.

### **5.3 Open Cooperation and Regional Economic Integration**

Since the governance of border areas, the border regions have actively participated in and integrated into the joint construction of the "Belt and Road" initiative [10]. Currently, the southern regions are engaging in international circulation through 17 border economic

cooperation zones and 5 free trade zones. In 2020, the total import and export volume of the border cooperation zones reached 630 billion yuan, with an average annual growth rate of 9.2%, resulting in the creation of 185,000 jobs. The level of development and openness along the borders has significantly improved. Hekou Yao Autonomous County in Honghe Hani and Yi Autonomous Prefecture, Yunnan Province, is located across the river from Lao Cai, Vietnam. On August 30, 2019, the Honghe Area of the China (Yunnan) Pilot Free Trade Zone was established in Hekou. The local area has fully leveraged its advantages in institutional innovation, taking the lead in implementing electronic tax payment nationwide and pioneering the innovative transformation model of "cross-border e-commerce + border residents' mutual trade," which has reduced export logistics costs by 29%.

#### **5.4 Social Stability and Sustainable Development: The Hidden Dividends of Borderland Governance**

Governance innovation is fostering a new development model. In recent years, the implementation of the "Five-in-One" joint border governance mechanism involving the country, government, military, police, and civilians has not only maintained stability but also ensured the smooth flow of cross-border logistics through joint patrols and information sharing. Pilot policies in the Free Trade Pilot Zone, such as the cross-border RMB settlement pilot and the negative list management, have provided institutional dividends for export-oriented economic development. The application of digital governance tools has yielded remarkable results, with the "Smart Border" system enabling rapid clearance of personnel and vehicles, and measures like the electronic border resident certificate facilitating cross-border trade activities. These innovative practices demonstrate that border governance and economic development are not a zero-sum game, but can achieve a positive interaction through institutional innovation [11].

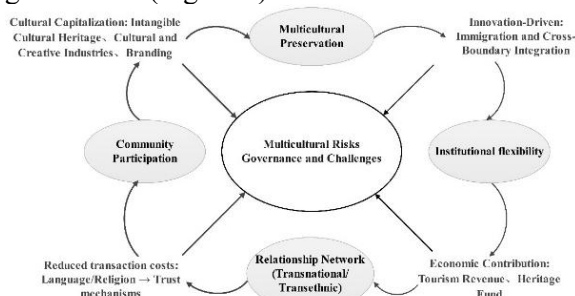
The governance of Yunnan's border areas has transformed the "disadvantages of the frontier" into "advantages of openness" through a closed loop of infrastructure development, industrial upgrading, open cooperation, and social stability. However, future efforts must focus on optimizing the synergy between governance and

development. On one hand, policy coherence should be strengthened by integrating governance objectives such as ethnic cultural preservation and ecological compensation into industrial development plans. On the other hand, the distribution of benefits needs to be improved to ensure that border residents genuinely benefit from port economies and cultural tourism development. Cross-border economic cooperation must break through administrative barriers to promote deeper collaboration in areas such as mutual recognition of standards and data sharing. Only by transforming governance advantages into development momentum can the dual goals of long-term stability and economic prosperity in the border regions be achieved.

#### **6. The Interaction between Yunnan's Multiculturalism and Economic Development**

In the progression of human civilization, culture and economy serve as two core elements that form the dual foundations of societal evolution. The continuous advancement of the economy fosters the birth and prosperity of culture, while the profound essence of culture, in turn, injects enduring momentum into economic development. Throughout the historical trajectory—from agrarian civilization to the Industrial Revolution and into the current digital age—each transformation in economic models has been accompanied by the evolution of unique cultural forms. The two elements permeate each other and develop synergistically, painting a magnificent picture of human civilization's advancement [12-13]. Especially in contemporary society, the deep integration of culture and economy has emerged as the primary driving force for societal development, underscoring the inseparable and close connection between the two. The fusion of culture and economy propels economic growth, optimizes industrial structures, and enhances cultural soft power, providing new momentum and pathways for Chinese-style modernization. The relationship between Yunnan's multiculturalism and economic development is not merely a simplistic "background and outcome" scenario; rather, it embodies a dynamic, mutually constitutive, and spiraling symbiotic relationship. A complex system of mutual influence and interaction is formed among five key elements: multicultural capital, innovation driven by cultural diversity,

economic support for culture, reduction of transaction costs, and diversified risk governance (Figure 1).



**Figure 1. Coupling Coordination Mechanism of Multiculturalism and Economic Development**

### 6.1 Culture as a Production Factor: From "Soft Power" to "Hard Support"

In the process of Chinese-style modernization, the deep integration of culture and economy is not only an inherent demand but also a crucial lever for achieving high-quality transformation. Through cultural empowerment, the potential of cultural resources to drive economic and social development can be thoroughly harnessed, thereby better addressing the diverse needs of the populace for an improved quality of life. As a vital element of soft power, culture significantly enhances the market value of products and services, thereby strengthening their competitive advantages. Simultaneously, the organic combination of cultural innovation and diversity infuses continuous vitality into economic development, fostering innovative ideas, distinctive products, and emerging market opportunities. Furthermore, the cultural industry itself constitutes an essential component of the modern economic system, capable of generating job opportunities, promoting both domestic and international trade, and facilitating cultural exchanges [14].

### 6.2 Cultural Diversity Drives Innovation: The "Creative Collision" of Heterogeneous Groups

The rapid progress of the creative industry and cultural innovation is newly energizing economic growth. The expansion of the cultural industry adds economic benefit and at the same time drives job market growth and the coordinated development of the regional economy. The function of culture in economy promotes economic vigor, which upgrades the economic structure and the process of economic

creative transformation. In the context of the knowledge economy and the information society, the deep integration of culture with technology, tourism, education, and other fields has opened new and broad prospects for economic development. The economizing of culture can lead to more effective use but also more effective allocation of cultural resources which may further facilitate cultural exchange and cultural cooperation. The sharing mechanism improves the radiating effect and dissemination efficiency of culture, having laid a more solid cultural foundation for economic globalization. Deep integration can be examined from three aspects. Firstly, the preservation and development of cultural diversity incorporate diversified connotation and form economic growth. Secondly, the interaction between culture and economy develop each other drives the innovation of social value concept, accelerating the widely dissemination of the concept of sustainable development. Thirdly, the process of cultural industrialization is accelerated to promote global circulation of cultural products and services and enhance global competitiveness of culture.

### 6.3 Economic Feedback for Cultural Protection and Reproduction

With the process of globalization, investing in the cultural sector can create more employment opportunities and increase the economy while enhancing social cohesion and cultural confidence. It is vital to conserve and enhance diversity of cultures for the long-run development of the economy. These investments offer an essential platform and resource foundation for the inheritance, promotion, and innovation of culture. To achieve this synergy, the policies and behaviours of market participants must: (1) create a cultural industry regulatory policy; (2) socially motivate businesses to contribute to the cultural economy; and (3) devise methods for the progressive reuse and innovative development of the cultural heritage. Besides, the government must create awareness through education and public campaigns to appreciate cultural values. Additionally, the combined impact of culture and economy demonstrates the ways in which they complement and strengthen one another. The synergy will make it possible to realize the economic development as well as cultural development. Thus it serves as a good

foundation for working as per the governance of the Yunnan border areas as well as multicultural inclusivity.

#### **6.4 Multicultural Governance Reduces Transaction Costs**

Referring to the multi-cultural governance system of Yunnan, the costs of cross-border transactions of cultural enterprises can be simplified into three major elements which are tax, time and capital. All which can be accurately quantified. Through the overlap of ethnic festivals with international art auction cycles and the reputation systems of cross-border cultural groups with Dai and Jingpo styles, and the local festival credit guarantee mechanism, the high pre-paid import tariffs on artworks can be converted into performance insurance for “intra-zone settlement”. Subsequently, the transformation of substantial capital occupation into recyclable liquidity resources is made possible. Furthermore, the original multi-department serial approval will be changed to a new one-stop service platform for ethnic culture, to solve the problems that overseas exhibition departments face during declaration. This platform uses the multilingual coordination capacity and community credit support of local cultural organizations, such as the Bai and Naxi, which cuts the approval cycle from several months to within two weeks. Additionally, the deposit mechanism is replaced by a list of festival participants, which causes a reduction in upfront procedural costs. Through incorporating the cultural symbol resources of Yunnan to build a regional distinctive trust mechanism, a dynamic tariff adjustment system is constructed based on the ethnic festival cycle. This system creates a natural connection between the circulation of cultural products and traditional ethnic activities. This innovative approach not only effectively reduces tax burdens but also enhances the enthusiasm for high-quality international cultural resources to circulate in the Yunnan market, thereby promoting the Pareto optimization of transaction efficiency through innovative practices in governance.

#### **6.5 Multicultural Risks and Challenges**

The issues of developing multiculturalism and maintaining security are becoming more and more difficult due to digital transformation. The nations are in intense strategic competition

globally and technological innovation and industrial revolution are causing disruptive breakthroughs. Power struggle between world's great countries is triggering complex and uncertain changes on international scene not seen in a century. The cultural sphere is increasingly facing risk challenges, which manifest itself in the form of systemic crises at the strategic level, dysfunctioning in the development process and security threats due to international competition. It is very remarkable that Western forces threaten the national culture as well as value system through their cultural propagation and infiltration of values. The combination of individualism and consumerism and the phenomenon of “technological colonization” tends to lead to the kitschification and homogenization of cultural production and dissemination. This further weakens cultural innovation and injures cultural identity, which is not conducive to building cultural confidence. The emergence of artificial intelligence technology has greatly changed the way things are made, distributed, and consumed culturally. This, to some extent, has disturbed the stability of things that build up culture and the continuous development of culture. Not just this, but it also disrupts the ecosystem of cultural construction and sustainable development. In south-western China, Yunnan, confronting the complexities of cultural construction, emphasis should be on high-level cultural security and high-quality cultural development. The goal is to vigorously promote cultural innovation and creation. The provincial focuses on constructing cultural development and security ecosystem as the main line, constructing the multi-subject collaborative cooperation form of governance framework, integrating various resources and multi-dimensional governance elements, forming the stability controllable culture “development-security” co-axial coordination and synergy integration governance mechanism; thrust cultural border governance dynamic balance, develop the “culture +” composite industry, strive to maximum promote the economic and social development of Yunnan.

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