

Research Project: Economic Disparities Among Ethnic Minorities in Northeast China

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The Mongolian, Oroqen, and Xibe peoples serve as critical subjects for understanding the inequalities inherent in the economic development of minority groups in China.

The Mongolian people represent one of the more populous minority groups in Northeast China, possessing profound historical, political, and cultural influence. Primarily distributed across the Inner Mongolia Autonomous Region and Liaoning, Jilin, and Heilongjiang provinces, their traditional economic pillar has long been nomadic pastoralism. In the modern economy, their livelihood increasingly relies on the commercialization of livestock, mineral resource development, and tourism. Due to their abundant resources and significant population size, the Mongolian people are often viewed as a key reference factor by the government when formulating ethnic economic policies.

In contrast, the Oroqen is one of the most sparsely populated minority groups in China, primarily residing in the Oroqen Autonomous Banner in northeastern Inner Mongolia and Heilongjiang. Their traditional livelihood includes forest hunting and fishing, rendering their economy highly dependent on natural ecosystems. Since the mid-20th century, state-mandated policies of sedentary settlement, hunting bans, and ecological protection have shifted their economic development toward policy-based subsidies and cultural tourism. Due to their extremely small population base and the disconnect between traditional skills and modern market demands, the Oroqen occupy a relatively peripheral position in ethnic policymaking, exhibiting strong policy dependency and a lack of possibilities for structural changes.

The Xibe people are a minority group with a unique cultural identity, primarily located in Liaoning, Jilin, and the Ili region of Xinjiang. Descendants of the Manchu-Xibe who were relocated during the Qing Dynasty, they have preserved a relatively intact Manchu-Xibe language and associated folk traditions. In the modern economy, many Xibe are engaged in agriculture, but their economic development remains poor due to a severe disconnect between their language and culture and the current market.

From a theoretical perspective, the developmental trajectories of these ethnic groups can be explained through Fei Xiaotong's theory of "Plurality and Unity". While the state's unified development framework formally acknowledges cultural pluralism, the policymaking process often reinforces integration, failing to fully account for the varying economic adaptability and developmental needs of different ethnic groups.

Furthermore, Stevan Harrell's "Civilizing Project" theory suggests that the state positions ethnic minorities as subjects in need of development, pushing their integration into the national economic system through modernization projects. This often leads to the displacement of traditional livelihoods and creates external dependency for these groups. Similarly, the theory of internal colonialism reveals the unequal status of different ethnic

groups in regional development and resource allocation based on population size and resource access. For instance, while the Mongolians can leverage negotiated compliance to secure benefits, smaller groups like the Oroqen are more susceptible to structural marginalization. Consequently, significant inequalities persist even among the ethnic minority groups themselves.

Policies targeting ethnic minorities in China since 1949

I. The Establishment of the Regional Ethnic Autonomy Systems (1950s – 1960s)

The foundation of ethnic governance in the People's Republic of China was laid by the formal establishment of the Regional Ethnic Autonomy System. This framework was officially included in the 1954 Constitution, following the National Identification Movement (1953–1964), which categorized 56 distinct ethnic groups based on language, religion, historical memory, and self-identity. During this era, the state established autonomous regions, prefectures, and banners, where the ethnic groups could formulate their own laws and regulations, as well as using their own language for daily interaction and education.

For the ethnic groups in Northeast China, this period marked a transition of both political recognition and social restructuring:

- **The Mongolian People:** As one of the first groups to establish an autonomous region, the Mongols maintained a strong political influence. Their traditional nomadic herding lifestyle was initially respected under the autonomous framework. Because they had a large population and lived on resource-rich land, they were able to play an important role in shaping early economic policies.
- **The Oroqen People:** In 1951, the Oroqen Autonomous Banner was established in Inner Mongolia. This marked the beginning of the government's effort to transition the Oroqen from independent forest hunting and fishing to a more settled lifestyle. While this granted them political visibility, it also initiated the "Civilizing Project" that positioned their traditional livelihood as something that needed to be modernized.
- **The Xibe People:** The Xibe people was forced to divide into two groups and partly relocate to Xinjiang during the Qing Dynasty. The creation of the autonomous system allows them to better preserve their own language and cultural traditions.

From a theoretical standpoint, this phase reflects Fei Xiaotong's "Plurality and Unity" structure in its most balanced form, where the state's unified development framework formally acknowledged cultural pluralism. Yet, beneath this recognition lay the seeds of internal colonialism, as the state began to integrate these peripheral resource land into the national modernization agenda, undervaluing local traditions and cultural values.

II. Socialist Transformation and Early Settlement Efforts (Late 1950s – 1970s)

During this period, China introduced People's Communes and the Great Leap Forward project, which fundamentally altered the pattern of economy across the country. These

socialist projects pushed for collective living and working practices, with each production team pulling together their land, tools and resources for unified farming and dining. For the ethnic communities in Northeastern China, these designs had a more profound impact than on traditional agricultural farmers.

- **The Mongolian People:** The transition to the commune system forcibly broke down traditional kinship-based grazing area, replacing them with collective production units. These policies weakened the clan-based land management pattern and pushed the Mongols towards a more settled way of life. The state promoted permanent housing and grain farming to strengthen administrative control, which greatly erased the flexibility offered by the nomadic system.
- **The Oroqen People:** Following the efforts to settle the Oroqen in the 1950s, the state posed more pressures for the Oroqen to abandon "primitive" nomadic hunting and switch to agriculture and forestry. During the Cultural Revolution, many traditional hunting tools were confiscated as symbols of "backwardness," further breaking their connection to the forest ecosystem and increasing their dependency on state-provided grains.
- **The Xibe People:** In agricultural areas, the Xibe were integrated into large collective farms. While this provided a stable food supply, it also suppressed "ethnic distinctiveness" in favor of a unified socialist identity, leading to a decline in the use of the Xibe language in official and education settings.

Theoretically, this era represents the most aggressive manifestation of Stevan Harrell's "Civilizing Project," where the state utilized revolutionary ideology to flatten cultural differences under the guise of progress. These systematic efforts suppressed the autonomous powers granted in the previous decade, replacing local social capital with a state-directed command structure that left these groups vulnerable to future market shifts.

III. Market Reform and the "Friction" of the Contract System (1980s – 1990s)

The Reform and Opening-up era introduced market mechanisms that created significant friction between formal laws and traditional cultural norms.

- **The Household Responsibility System:** In 1982, the state introduced the household responsibility system to replace communal economic practices. While the state retains the ownership of land and means of production, households became responsible for fulfilling their share of state quota, but can decide what to plant on their land. In pastoral areas, livestock and specific areas of land were assigned to individual households.
- **Negotiated Compliance of the Mongolian Community:** Larger and more politically influential groups like the Mongols often utilized their social networks and local influences to negotiate how the new policies were carried out. In some areas, they formed informal cooperatives to maintain large-scale grazing, effectively avoiding the ecological "poverty traps" caused by the fragmentation of grasslands.

- **Cultural Nuances and Failure:** However, for many other communities, the sudden shift from collective grazing into strictly defined private plots ignored the nuances of nomadic life. The confinement on mobility led to overgrazing within fences and weakened the traditional social interactions that helped regulate sustainable behaviour.

This period highlights the internal colonialism inherent in regional development, where the central government's agrarian-based policies were imposed on pastoral and forest cultures without regard for their unique resource conversion capabilities.

IV. Ecological Migration and the Hunting Ban (2000s – 2010s)

At the beginning of the 21st century, ethnic policies shifted to focus on both environmental sustainability and poverty alleviation under the **Great Western Development** strategy. State interventions in the period drastically changed the geographic locations and economic activities of minority communities:

- **The Oroqen People – Ecological Migration:** In 2002, the state implemented strict comprehensive logging and hunting bans, which ended Oroqen's traditional hunting-based economy. Forced into migration settlements under ecological preservation initiatives, the Oroqen were relocated to towns where their traditional skills in hunting and forest management had minimal value in the market economy. As a result, many of the Oroqen became dependent on government subsidies instead of developing independent source of income.
- **The Mongolian People – Returning Grazing to Grass:** Policies such as "Returning Grazing to Grass" required seasonal bans on grazing and further incentivized more settled livestock farming. While larger Mongolian banners with better infrastructures were able to access urban milk and beef markets, those in remote pastoral areas faced structural barriers to income growth due to rising transportation costs and restricted land use.
- **The Xibe People – Infrastructure and Market Access:** For groups like the Xibe, this period brought economic benefits through state-led infrastructure development. The completion of highways in regions like Xinjiang reduced the cost of agricultural transportation, allowing farmers to transition to products of higher values and break cultural isolation.

V. The Era of "Community for the Chinese Nation" (2010s – Present)

The current phase of ethnic policy is marked by a shift from recognizing ethnic distinctiveness to emphasizing a unified community for the Chinese Nation. Current policies emphasized national integration through standardized mandarin language education and encouraged participation in the national labour market. While the forced termination of nomadic economic activities has already weakened culture and language preservation, the current phase consolidated these effects by strengthening centralized control and reducing social and economic autonomy that are perceived as politically unstable. In this sense, policy

priorities have moved beyond economic development toward broader political objectives, accelerating the erosion of nomadic cultural practices and ethnic identities.

Understanding the Experience of Ethnic Minorities through Different Theories of Economy

I. Spatial Economics and Regional Development

Spatial economics offers a perspective on how geography, market accessibility, and infrastructure conditions influence the development outcomes of ethnic minority communities. The core-periphery theory posits that regions far from economic centers face higher transportation costs, weaker market integration, and fewer opportunities for industrial diversification. For groups like the Mongolians living in pastoral areas or the Oroqen in remote forest regions, spatial disadvantages create structural barriers to income growth and labor mobility. This framework helps explain why ethnic minority economies are often confined to primary sector activities and why state-led infrastructure interventions have uneven impacts across different regions. For example, in Oroqen settlements deep in the Greater Khingan Mountains, roads are frequently blocked by heavy snow in winter. After logging bans, the lack of external transportation and processing enterprises prevented the local timber processing industry from transforming, leading to a rapid decline in employment opportunities. In contrast, pastoral areas near Hohhot in Inner Mongolia, due to their proximity to the city, allow herders to quickly transport milk and beef to urban markets, resulting in significantly lower incomes in the deeper pastoral areas of Alashan or Xilingol. Another example illustrates how transportation costs are a decisive factor for local economies. In the Xibe ethnic region of Chabuchar, Xinjiang, the completion of the main highways has reduced the cost of agricultural products from the field to the market, enabling local farmers to start planting higher value-added fruits and vegetables, resulting in a significant increase in farmers' income.

II. Human Capital Theory

Human capital theory emphasizes that education, skills, and health are key determinants of productivity and economic mobility. In ethnic minority regions, differences in educational opportunities, language instruction, and the market value of traditional skills shape diverse economic development trajectories. For example, traditional knowledge such as hunting skills of the Oroqen people or livestock management skills of the Mongolians has little value in modern manufacturing or service industries and cannot be converted into wages in the labor market. Therefore, human capital theory can also explain why ethnic minorities have lower incomes, as their language, education, and skills are often difficult to match with urban jobs. Human capital theory thus provides a foundation for analyzing how state schooling, bilingual education policies, and labor market incentives influence minority participation in the national economy.

III. Resource Economics and the Resource Curse

Resource economics uses the concept of the “resource curse” to explain the development challenges in resource-rich regions. When local economies heavily rely on resource extraction or environmentally sensitive industries such as livestock and forestry, economic fluctuations, ecological degradation, and low diversification exacerbate poverty. In Mongolia's pastoral areas, overgrazing and grassland degradation reduce livestock productivity and environmental carrying capacity, while mining-led growth can crowd out other industries. On the other hand, in Hulunbuir, the Natural Forest Protection Project implemented after 2000, which completely banned hunting, protected the ecology but almost completely collapsed the original economic system of the Oroqen people, forcing them to rely on subsidies and temporary tourism projects. For the Oroqen, strict forest protection policies implemented after overexploitation destroyed traditional livelihoods. The "resource curse" framework helps explain how ecological constraints and resource dependence interact with policy decisions, thus affecting community well-being. Ordos is also a typical case of the curse. The local area relies on the coal industry; when coal prices are high, fiscal revenue is abundant, but when coal prices are low, many projects stagnate. Herder communities are more affected because ecological degradation has increased their reliance on mining compensation, while they lack long-term, stable industrial support.

IV. Social Capital and Ethnic Networks

Social capital theory distinguishes between cohesive capital within tightly knit communities and bridging capital that connects individuals to broader socioeconomic networks. Ethnic minority communities such as the Mongolians, Oroqen, and Xibe often possess strong cohesive capital, which facilitates mutual assistance, risk-sharing, and cultural transmission. However, weak bridging capital can limit their access to external markets, employment networks, and national resources. This theoretical perspective helps explain why cohesive communities excel in internal support but face challenges in integrating into the broader economic system, thus impacting entrepreneurship, migration, and returns to human capital.

In Mongolian pastoral areas, strong kinship-based social capital enables herders to help each other cope with grassland disasters. However, this internal mutual assistance can also lead to path dependence, with young people more likely to choose to continue herding rather than seeking higher education or pursuing new careers in cities. Therefore, the community's internal support system may limit economic diversification and the ethnic group's sustainable development. In the Oroqen region, strong kinship networks allow villagers to share resources during times of scarcity, but this can also lead to conservative career perspectives. Many families prefer to keep their children in the local area to engage in traditional activities or rely on subsidies, rather than encouraging them to go out and acquire new skills.

Conversely, with higher urbanization rate, the Xibe people had higher urban employment and education rates due to greater economic interaction with other groups such as the Han Chinese. Although both are Xibe, the Xibe in Xinjiang rely on agricultural subsidies, while

those in Northeast China are more integrated into the urban economic system—this contrast further confirms the theories of spatial economics.

V. Social Capital and Ethnic Networks

Institutional economics emphasizes how formal rules such as laws and land systems and informal norms jointly shape economic behavior. In ethnic minority areas, institutional changes such as grassland contracting and hunting bans directly reshape incentive mechanisms, resource rights, and livelihood strategies. However, for formal rules to be effective, local non-political norms must be considered when formulating policies; only when the two are aligned can local economies be effectively improved. For Mongolian nomads, the shift from collective grazing to contracted grazing altered herd management and income distribution. Although policies allocated pastures to each household, allowing them to manage their own grazing areas as family units, many herders remained accustomed to collective grazing. When policies conflicted with traditional customs, large amounts of pasture were leased to businesses, and herders ceased grazing. For the Oroqen people, the ban on hunting disrupted their traditional economic system. After the hunting ban was implemented, the community's decision-making system and economic practices were altered. Their lifestyle after moving into apartment buildings lacked continuity with traditional institutions. The incompatibility of the two norms prevents ethnic minorities from smoothly completing their economic transformation in the short term, leading to chaos or a reluctance among the masses to seek change, preferring to rely on subsidies. Therefore, institutional theory helps explain how policy shifts, administrative capacity, and local governance models contribute to long-term economic disparities among ethnic minority groups.

VI. Development Economics and Structural Transformation

Development economics offers a macro-level framework for understanding how economies transition from primary-sector dependence to diversified, service- and industry-oriented structures. The concept of structural transformation highlights the movement of surplus labor from low-productivity activities—such as hunting or pastoralism—into higher-productivity sectors. However, minority communities often face “poverty traps,” where limited capital, education gaps, and institutional constraints impede this transition. Analyzing the Mongol, Oroqen, and Xibe through this framework allows for an assessment of how state-led development programs, labor migration, and market integration facilitate or hinder inclusive growth.

VII. Public Economics: Subsidies, Transfers, and Welfare Incentives

Public economics examines how state transfers, subsidies, and welfare programs influence household behavior and local economic structures. In minority regions, policies such as grassland ecological compensation, resettlement subsidies, and targeted poverty alleviation significantly shape income composition and labor supply decisions. While such transfers can improve short-term welfare and environmental outcomes, they may also generate dependency effects or reduce incentives for productivity-enhancing investment. This framework helps

evaluate the effectiveness and unintended consequences of subsidies among the Mongols, Oroqen, and Xibe, particularly in relation to livelihood diversification, migration decisions, and intergenerational opportunity structures. While state transfer payments such as ecological compensation and relocation subsidies can reduce short-term income inequality, a high dependence on transfer payment income is negatively correlated with long-term livelihood diversification and may reduce the incentive for minority families to acquire skills.

China also supports ethnic minorities through subsidies and welfare programs. From a public economics perspective, such policies not only affect the income levels of ethnic minority families but also their lifestyles. In Mongolian areas, policies such as grassland ecological compensation, education subsidies, and poverty subsidies have significantly increased family income and living standards in the short term. However, according to the capability approach, when subsidies are distributed in the form of unconditional transfers, people are prone to welfare dependence. Families rely on subsidies for survival and are less motivated to improve their education and job skills. Subsidies for pastoral settlement projects and grassland grazing bans increase family cash income, leading people to neglect developing job skills relevant to the times. Those who previously relied on nomadic skills find it harder to find employment, and their total income may even decrease. The Oroqen people face similar problems. For example, in Muque Village, a land-sharing system is implemented. Due to a lack of farming skills, many families choose to rent out their land and rely on subsidies and rent for a living. Over time, their survival skills gradually deteriorate, and their income becomes highly unstable.

Next Steps & Future Research Trajectory

- **Refining Methodology through Ethnographic Fieldwork:** While my current research utilizes spatial and institutional economic frameworks, I plan to incorporate qualitative fieldwork. By conducting structured interviews and participant observation within Mongolian and Oroqen communities, I aim to move beyond macro-level data. This will allow me to document the cultural elements, such as traditional social hierarchies and communal trust networks, that dictate how these groups interpret and adapt to contracted grazing and land-use policies.
- **Comparative Analysis of Policy Adaptation:** I intend to expand the scope to compare how different generations within these ethnic groups perceive economic mobility. By analyzing the human capital gap between elders holding traditional ecological knowledge and younger generations entering urban labor markets, I can better theorize on the long-term effect of current relocation and settlement programs.
- **The Political Economy of Cultural Erasure and Tourism:** I aim to investigate how China's shift toward intensified authoritarianism over the past decade has altered the economic landscape for ethnic minorities. This includes analyzing the "cultural cleansing" of the Mongolian community through restrictive language and educational policies. Furthermore, I will examine the state's promotion of ethnic tourism in Northeast China as a form of economic co-optation. By investigating instances where Oroqen people are incentivized to wear traditional dress as a showcase for tourists, I

hope to explore the tension between state-mandated cultural performance and the actual erosion of authentic nomadic livelihoods.