

## **Study on the Relationship Between Cultural Consumption of Urban Residents and Economic Growth in Xi'an**

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**Abstract.** Cultural consumption plays an important role in promoting industrial structure upgrading and economic growth, at the same time economic growth also plays a positive role in promoting cultural consumption. Based on the related researches and the development of Xi 'an, we used data of Xi 'an in 2000-2016 to do a research about Xi'an cultural consumption and economic growth. The results showed that there is significantly positive correlation between cultural consumption of urban residents and economic growth. And the paper put forward some suggestions which are beneficial for promoting cultural consumption of urban residents and economic growth.

### **Introduction**

The report of the 19th National Congress of the Communist Party of China mentioned that we should strengthen cultural confidence and promote the prosperity of socialist culture. The cultural industry is becoming more and more important in the economic development. Lian-cheng HE (2012) supported that culture is a kind of social industry, and it can create a cultural value necessarily. Culture can promote the coordinated development of cultural construction, economic construction, political construction, social construction and ecological civilization construction. It can also improve the quality of the whole nation and enhance the soft power of national culture [1]. We should accelerate the development of cultural industry, and make it become an important industry. At present, China is in the critical period of supply-side structural reform and industrial structure upgrading, and the development of cultural industry is of great significance to the current economic development.

Xi'an is located in Shaanxi, which is the largest and strongest comprehensive strength city in northwest China. It is one of the most developed central cities in the west. Xi'an is a famous historical and cultural city, which has a lot of culture and education resources. Xi'an has 41 national cultural relics protection units, 65 provincial cultural relics protection units, and 7 project universities of 211. The total planning of Xi'an (2008-2020) mentioned that we should focus more on improving unique strengths of competitive industries, constructing the industrial clusters of competitive industries. What's more, the planning also mentioned that we should pay great attention to the development of new and high technology industry, equipment manufacturing industry, tourist industry, and cultural industry. With the develop-the-west strategy and One Belt and One Road strategy implemented, the city construction and economic and cultural development become more and more important, which is not only related with the economic development of Xi 'an, but also the entire western of china. Based on the above background, this paper discusses the relationship between cultural consumption and economic growth in Xi 'an.

### **The Relationship of Cultural Consumption and Economic Growth**

#### **Concept of Cultural Consumption**

Cultural consumption has a narrow and broad sense. In the narrow sense, cultural consumption mainly refers to the consumption of cultural products and services, such as literature and art. Cultural consumption in a broad sense refers to the behavior of people consuming spiritual and cultural products and services in order to meet their spiritual and cultural life. In recent years, compared with the concept of narrow sense, the concept of broad cultural consumption has been

widely accepted in academic circles. In addition, there are many scholars who do the related researches. Ping LIU (2014) mentioned that cultural consumption is a kind of consumer behavior which is in order to meet the needs of spiritual and cultural life and the needs of their own development [2]. Based on the summarizing the related researches, Zhong-liang HU(2014) mentioned that cultural consumption refers to a group of people who have the will and ability of consumption in a certain consumer environment to the consumer of cultural products and cultural services[3]. Summarizing the previous researches, the author agrees with Zhong-liang HU about the definition of cultural consumption.

### **Relationship between Cultural Consumption and Economic Growth**

**Cultural Consumption Directly Promotes Economic Growth.** Investment, consumption and export are the three driving forces of economic development. In different stages of economic development, they have different effects on economic growth. The disadvantages which caused that economic growth is driven by high growth in investment and exports of long-term have become increasingly obvious, and the expansion of consumption has become one of the important ways of economic growth. And cultural consumption can directly increase the amount of consumption, which directly increases economic growth. In 2015, according to the national bureau of statistics data show that the added value of culture and related industry in China to 2.7 trillion yuan, 4% of GDP, the output of sports and related industries is 1.4 trillion yuan, 0.64% of GDP, and the cultural industry demonstrated strong performance. So, increasing cultural consumption will directly promote economic growth.

**Cultural Consumption Promotes the Development of Industry, and Promotes Economic Growth.** The growth of cultural consumption would directly promote the development of the cultural industry. Because externality and industrial relevance, cultural consumption also promotes the development of other related industries. For example, education consumption increases, which promotes the development of peripheral service industry. The rapid growth of cultural consumption which is the final tache of cultural products and services value realization would promote the extension of related industrial chain and the development of emerging cultural industries. It can form many emerging cultural industries that cultural industry and finance, new media, Internet, science fusion development. Such as the financial and cultural industry, new media and culture industry, and so on, all of this would promote the vigorous development of economic.

The growth of cultural consumption promotes the upgrading of industrial structure, thus promoting economic development. Cultural consumption promotes industrial structure upgrading mainly in three aspects. First of all, the increase of cultural consumption promotes the upgrading of the consumption structure, thus promoting the upgrading of the industrial structure. Secondly, the increase of cultural consumption promotes the development of the cultural services industry, which can improve the proportion of the tertiary industry in the GDP and promote the upgrading of the industrial structure. Thirdly, the influence of cultural industry is broader, which would not only influence the tertiary industry, but also exert positive influence on agriculture and industry, thus promoting industrial structure upgrading.

**The Growth of Cultural Consumption Promotes Formation of Human Capital, and then Increases Economic Growth.** Maslow's Needs-Hierarchy Theory shows that when you meet your basic needs, you have a higher level of spiritual and cultural needs. The consumption of education in cultural consumption would inevitably promote the improvement of human ability, promote social innovation and provide an endless supply of economic development. Education consumption promotes the formation of human capital. Human capital has strong spillover and promotes economic development. Education consumption promotes the formation of human capital. Human capital has strong externalities which promotes economic development.

**Economic Growth also Promotes Cultural Consumption.** According to Maslow's Needs-Hierarchy Theory, human needs are progressive. Firstly the low level of material needs meet, then the high level cultural spiritual demands meet. With the progress of science and technology, per capita GDP increases year by year, per capita income growth rate can be increased rapidly, and

residents have a huge demand for spiritual culture after meeting basic material needs. First of all, Economic development promotes per capita disposable income and increase cultural consumption per capita. Second, economic growth promotes the increase of disposable income of residents, increase consumption of education, which promotes the development of cultural industry. Economic development also promotes the upgrading of industrial structure. The rapidly development of tertiary industry promotes the diversified and high-end development of the cultural industry, which promotes the growth of cultural consumption. Therefore, economic growth affects the level of cultural consumption per capita by influencing residents' disposable income and industrial structure upgrading. In the case of the international experience, when the average GDP per capita in the country reached \$3,000, cultural consumption was in the rapid growth period, and after over \$5,000, per capita cultural consumption went to the doubling stage [4]. Therefore, economic growth has a positive effect on cultural consumption.

Combining the above analysis, we know that promoting cultural consumption growth conforms to our country reality, and it can promote economic development. At the same time, Economic growth will also provide a foundation for cultural consumption and promote the development of cultural industries. The following figure shows the influence mechanism of cultural consumption and economic growth. Cultural consumption promotes economic growth by influencing total social consumption, industrial structure upgrading and human capital consumption. Economic growth affects the total consumption of society and human capital investment by influencing per capita disposable income, and it also affects the upgrading of industrial structure by influencing capital investment. All of this will increase cultural consumption.

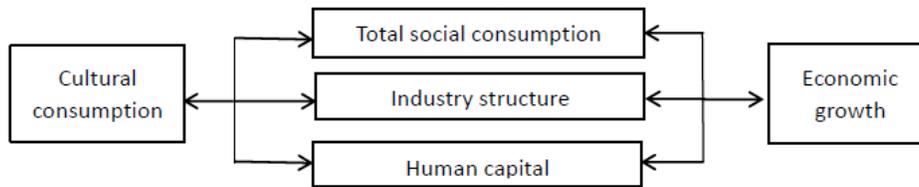


Figure 1. Influence mechanism of cultural consumption and economic growth.

## Empirical Research on Cultural Consumption and Economic Growth

There are many empirical studies of cultural consumption promoting economic growth. Through empirical research, they proved that cultural consumption promotes economic growth. And there are few empirical studies on economic growth promoting cultural consumption. So, this paper makes an empirical study on the role of economic growth in the growth of cultural consumption.

### Index Selection

This paper studies the relationship between cultural consumption and economic growth, and the selection of cultural consumption indicators directly influences the results. Based on the availability of data and the change of statistical caliber, this paper selects the per capita cultural consumption of urban residents as cultural consumption index (AW). The index of economic growth picks up the GDP per capita (AG). The data was selected from 2000 to 2016, and the data were all from the Xi'an Statistical Yearbook. In order to eliminate the heteroscedasticity and exponential trend, the data is taken logarithmically, and the LNAW and LNAG are obtained.

### Unit Root Test

The two variables of LNAGDP and LNAW were tested by ADF, and the results were as follows:

Table 1. Unit root test.

	Test type	The ADF statistics	P-values	Conclusion
DLNAW	(1,1,0)	-4.010661	0.0331**	Y
DDLNAW	(1,1,0)	-14.848685	0.0093***	Y

Note: c and t in the test type represent the constant term and the trend term, and k represents the lagged order; \*\* indicates the critical value of 5% significance level, \*\*\* indicates a significant level of 1%.

Table 1 is the results of ADF test, the P value of DDLNAG is 0.0093, which less than 0.01. It shows that in 2000-2016, AG is a second order stationary sequence data. The P value of DLNAW is 0.0331, which is less than 0.05, indicating that the LNAW is a first order stationary sequence data. Two time series are not the same level of stationary data. So, LNAG was different to get DLNAG, then the LNAW and DLNAG were all first order stationary sequence data. After the difference, the economic meaning of GDP per capita becomes the growth rate of GDP per capita. At this time, per capita GDP growth rate and per capita cultural consumption are all first order stationary sequence data ,and we can be regression and cointegration test to them.

### Regression and Cointegration Test

Using EVIEWS8 to make the least squares regression, the results are as follows:

$$\begin{aligned} \text{LNAW} &= 0.5303 \cdot \text{DLNAGDP} + 3.2635. & (1) \\ & \quad (6.2574) \quad (4.7523) \\ & \quad (0.0000) \quad (0.0003) \\ \bar{R}^2 &= 0.7178 & F=39.1547 \end{aligned}$$

As shown in the results of the above regression equation, the adjustment  $\bar{R}^2$  is 0.7178, which is greater than 0.7, the F-statistic is 39.1547, and the variable coefficients are also tested by 1% significance level. What is more, the p-value is also through 1% of the significance of the test, which shows that the formula is better. By using Engle-Granger two-step method to do the cointegration test, the results showed that the residual error was stationary, so there exists a long-term equilibrium relationship between DLNAGDP and LNAW.

### Result Analysis

The equation (1) shows that the per capita GDP growth rate is positively correlated with the per capita cultural consumption of urban residents, and the correlation coefficient is 0.5303. It means that per capita GDP growth has increased by a percentage point, and per capita cultural consumption has increased by 0.5303 percent.

### Advice

Through the above studies, it is proved that not only cultural consumption promotes economic growth, but also economic growth has a positive impact on cultural consumption. At present, we are in an important period of supply-side structural reform, the growth of cultural consumption would inevitably lead to the further development of the economic, and the economic development would also feed the cultural industry, then it forms a virtuous circle of economic development. Based on the current situation of urban development in xi 'an, the following Suggestions are proposed for cultural consumption and economic growth:

#### **We Should Develop Cultural Industries by Suiting Measures to Local Conditions, and Actively Develop Emerging Cultural Industries**

Xi'an has a long history and culture, and also has many universities. In the development of cultural industry, the development strategy of cultural industry should be formulated in combination with local characteristics and relevant policies. For example, experience tourism.

#### **Strengthening the Infrastructure of the Cultural Industry and the Public Cultural Service System, and Establishing the Cultural Legal System**

Cultural industry infrastructure construction, public cultural service system and cultural legal system construction are the foundation of the development of cultural industry. The construction of cultural infrastructure and public cultural services would not only help the cultural industry to develop better, but also help government know the cultural demand of urban residents, which promote the development of cultural industry. At present, the construction of legal system does not

match the development speed of cultural industries. Strengthening the construction of cultural legal system is not only conducive to definition of property rights, but also implementation of public cultural services construction. All of this will enhance residents' life satisfaction, improve the livability and competitiveness of the city, and promote economic growth.

### **Increasing Investment of Culture Industry and Implementing Positive Policies to Promote Development of Cultural Industry**

At present, China's per capita GDP has more than \$7000, according to the related international experience, after \$5000 of GDP per capita, per capita culture consumption demand entered the stage of the doubling. China is still in the early stage of cultural industry development. Cultural industry and cultural enterprises are not fully developed. Xi'an is a famous cultural city, which has advantages in developing culture-related industries. Therefore, it is effective to increase investment in culture-related industries and implement positive policies for the development of cultural industries.

### **Increasing Fiscal Expenditures on Education, Improving the Social Security System, and Increasing the Purchasing Power of Residents**

Increasing fiscal expenditures on education and improving the social security system can ease the burden and increase the disposable income of the residents, which can increase the actual purchasing power of the residents. The uncertain expectations affect the consumption level of residents. A well-developed social security system will reduce residents' uncertainty expectations about education, medical care and unemployment, and increase the consumption level of residents. The improvement of the consumption level would promote cultural consumption and economic growth.

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