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Tibetan Market Participation in China

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ACADEMIC DISSERTATION

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List of acronyms and abbreviations

BDS	Business development service
GDP	Gross domestic product
HDI	Human Development Index
NBS	National Bureau of Statistics
PRC	Peoples' Republic of China
RMB	Renminbi = yuan
SME	Small and Medium Enterprise
SOE	State owned enterprise
TAR	Tibet Autonomous Region
TESL	Teaching English as a Second Language
TOEFL	Test of English as a Foreign Language
UNDP	United Nations Development Programme
WB	World Bank

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Abstract

Since the Chinese government began implementing economic reforms in the late 1970s, China has experienced profound economic change and growth. Like other parts of China, Tibetan areas of China have also experienced wide-ranging economic change with growth even higher than the China-wide average in certain years. Though China's strategic policy of developing the West provided many opportunities for economic and business activities, Tibetans have proven poorly equipped to respond to and take advantage of these opportunities.

This study is about people, about market participation and specifically about why Tibetans do not effectively participate in the market in the context of China's economic development process. Many political, social, cultural and environmental factors explain the difficulties met by Tibetan communities. However, this study focuses on three factors: the social and culture context, government policy and education. The Buddhist nature of Tibetan communities, particularly the political and economic system in traditional Tibetan society, explains this, especially after implementation of new national economic policies. An inclusive economic development policy that promotes local people's participation in the market demands serious consideration of local conditions. Unfortunately, such considerations often ignore local Tibetan realities. The economic development policy in Tibetan areas in China is nearly always an attempt to replicate the inland model and open up markets, even though economic and sociopolitical conditions in Tibet are markedly unlike much of China. A consequence of these policies is increasing numbers of non-Tibetan migrants flowing into Tibetan areas with the ensuing marginalization of Tibetans in the marketplace.

Poor quality education is another factor contributing to Tibetan inability to effectively participate in the market. Vocational and business education targeting Tibetans is of very low quality and reflective of government failing to consider local circumstances when implementing education policy. The relatively few Tibetans who do receive education are nearly always unable to compete with non-Tibetan migrants in commercial activity.

Encouraging and promoting Tibetan participation in business development and access to quality education are crucial for a sustainable and prosperous society in the long term. Particularly, a localized development policy that considers local environmental conditions and production as well as local culture is crucial. Tibet's economic development should be based on local environmental and production conditions, while utilizing Tibetan culture for the benefit of creating a sustainable economy. Such a localized approach best promotes Tibetan market participation.

Keywords: Tibet cultural policy education market participation

Chapter 1 Introduction

This study is about people, about market participation and specifically about why Tibetans do not effectively participate in the market in the context of China's economic development process. Many political, social, cultural and environmental factors explain the difficulties encountered by Tibetan communities. However, this study focuses on three factors: the social and culture context, government policy and education. The Buddhist nature of Tibetan society, particularly the political and economic system in traditional Tibetan communities, explains this, especially after implementation of new national economic policies. An inclusive economic development policy promoting local people's market participation requires full consideration of local conditions. Unfortunately, such considerations often ignore local Tibetan conditions. The economic development policy in Tibetan areas is nearly always a replica of the inland model, an effort to open up markets, even though economic and sociopolitical conditions in Tibet are markedly unlike much of China. A consequence of these policies is increasing numbers of non-Tibetan migrants flowing into Tibetan areas with the ensuing marginalization of Tibetans in the marketplace.

Vocational and business education targeting Tibetans is poorly developed. It must be improved and localized to increase Tibetan participation in the marketplace. This reflects government failing to consider local conditions when implementing education policy. The relatively few Tibetans who receive education are nearly always unable to compete with non-Tibetan migrants in commercial activity.

I wish to clarify what I mean by 'market participation'. This term includes wage labor in addition to direct participation in business activities. As producer and/ or consumer, many participate in the market through buyer-seller interrelations. Many also sustain their lives by participating in labor markets. In particular, impoverished, disadvantaged people often derive income through participating in small business activities as entrepreneurs and laborers.

The challenges and difficulties faced by the Tibetan community since the advent of China's new economic policy must be clarified to better grasp the currently observed phenomenon of Tibetans marginalized in the marketplace. Consequently, this study mainly focuses on small businesses.

This chapter provides basic information about Tibetan areas of China, while focusing on major challenges Tibetans face following the Open Policy implemented by Deng Xiaoping in 1978; relevant research is reviewed; research methodology is described, including how information was collected; and concludes by describing how the study is organized.

1.1 The Tibetan areas of China

Tibetan areas have historically been categorized as Central Tibet, Amdo and Kham. Central Tibet draws more attention, given its central role in pilgrimage, politics and economics. Central Tibet includes the two provinces of Ü and Tsang that have been described as the 'core' and the 'outer provinces' of Ngari, Amdo, Kham and such indistinctly defined regions as the Changthang. Amdo and Kham are often described as traditional Tibetan 'provinces' comprising eastern Tibet (Gruschke, 2004, 5).

Ü and Tsang consist of wide, fertile agricultural valleys along the Yarlung Tsangpo (Brahmaputra) River and its tributaries. Kham is made up of four valleys of four great rivers—the Ngül (Salween), Dza (Mekong), Dri (Yangtze) and Nya (Yalung), along with numerous tributaries and the high pastures between them. Amdo often refers to areas around and north of the great lake of Tso Ngönpo, better known by its Mongol name, Kokonor; and along the upper reaches of the Yellow River (Samuel, 1993, 64-87), and its tributaries.

Today, Tibetan areas of China are divided into one region, ten prefectures and two autonomous counties. The Tibet Autonomous Region (TAR) corresponds roughly to the traditional area of Ü and Tsang, Ngari and the Kham area of Chamdo. Traditional Amdo corresponds to five prefectures in Qinghai province (Huangnan, Guoluo, Hainan, Haibei and Haixi), Gannan Tibetan Autonomous Prefecture and Tianzhu Tibetan Autonomous County in Gansu Province and Aba Tibetan Autonomous Prefecture in Sichuan Province. In addition to Chamdo, other traditional Kham areas include Yushu Tibetan Autonomous Prefecture in Qinghai Province, Ganzi Tibetan Autonomous Prefecture and Muli Tibetan Autonomous County in western Sichuan Province, and Diqing Tibetan Autonomous Prefecture in Yunnan Province.¹ In total, Tibetans live in 147 counties in western China.

Tibetan areas constitute a large part of China's western region and nearly one fourth of China's total land. Tibetan areas also account for most of Qinghai Province's land area, half of Sichuan Province, and a large portion of Gansu and Yunnan provinces. Tibetan areas in China are roughly connected to each other and also are home to many other ethnic groups. The natural landscape in Tibetan areas is characterized by extremes in climate and geography. The total land area is immense, totaling about two million square kilometers. The terrain sits on a vast highland plateau, interspersed with vast grasslands and rugged mountains. Average altitude is above 4,000 meters (Sun and Cheng, 1999, 2). The weather is harsh and arid. These areas typically have a continental highland climate, with an extreme winter and short summer. In many areas, temperatures reach an average high of eight degrees Celsius and an average low of minus ten degrees Celsius. The Tibetan area is also known as the 'Third Pole' because of its extremely high altitude and the "Water Tower of China" and the "Water Tower

¹ For more detailed information of each Tibetan region and prefecture, see Appendix A.

of Asia” owing to the great rivers originating in Tibet, highlighting the critical importance of Tibet's natural environment to the world.

Map 2-1: PRC provincial boundaries²



Map 1-2: Ethnic Tibetan population³



² Source: Yeh 2003, 33.

³ Source:http://upload.wikimedia.org/wikipedia/commons/thumb/0/0b/Historic_Tibet_Map.png/800px-Historic_Tibet_Map.png.

Natural conditions, particularly at high altitude, in Tibetan areas, are difficult and harsh. Temperatures often are minus twenty to minus thirty degrees Celsius in many regions. Such areas are not arable. Extreme winters and short summers in farmed areas are often very short, presenting challenges to agriculture and animal husbandry. Most agricultural areas are not irrigated. The weather is changeable and hailstorms and blizzards may devastate livestock herds. These conditions combine to create an extremely fragile environment that is very slow to recover once damaged, whether that damage comes from global warming or, more commonly and seriously, local activities. The nature of the extremely fragile ecological system of the Tibet Plateau, and the critical importance of Tibet's natural environment to the world, emphasizes the importance of protecting the environment in Tibetan areas of China.

The mountain landscape and associated poor transportation historically made life in Tibetan areas even more difficult, and this remains the norm in many remote, sparsely inhabited areas. However, in the last twenty years, improved road conditions and public bus and rail systems have facilitated many non-Tibetans to pour into Tibetan areas, particularly in towns such as Lhasa.

According to China's 2005 census (NBS, 2007, 129), the estimated Tibetan population is about 7.25 million. However, only about 2.76 million of China's Tibetan population live in the TAR. The remainder live in Qinghai, Sichuan, Gansu and Yunnan provinces within which Qinghai and Sichuan account for the majority of Tibetans outside the TAR. Additionally, most Tibetans live in rural areas; less than twenty percent live in urban areas.

Animal husbandry and agriculture are the dominant modes of subsistence in Tibet. Although the majority of Tibetans are farmers, many also raise yaks, sheep and goats. Herders are found throughout Tibetan regions; it is difficult to find a Tibetan area where farmers focus only on farming without owning any livestock, emphasizing the importance of animal husbandry in Tibet's economy. Agriculture involves a variety of grains and vegetables, but barley is the most widespread basic grain given its importance as the staple food, *tsampa*, for both nomads and farmers.

The mountain landscape and extreme climate render transportation difficult, although it has greatly improved in the last decade with massive government support. Nevertheless, in many herding areas, travel by horseback remains the common means of transport. For semi-urban areas, a combination of dirt tracks and roads provide access by motorbike and four-wheel drive vehicles. In every prefecture, there is at least one main paved road connecting administrative seats to each other and to the prefecture capital. In general, road conditions are poor, making for time-consuming and frequently dangerous travel.

Airports are usually located in provincial seats that are on average a six to eight hour road journey from prefecture seats; there are only a few airports in the prefecture seats of Tibetan areas. The overland journey from Xining, the provincial seat of Qinghai Province, to Lhasa requires three days. Today, several major transportation-related development projects are being undertaken in Tibetan areas and the Qinghai-Tibet (Golmud-Lhasa) Railway opened in July 2006 which has saved much time when making the journey. However, the impact of these projects on the business environment of Tibetan areas remains to be seen.

Telecommunications networks, including cellular networks, are neither extensive nor well developed outside county and prefecture seats. Postal services do not exist beyond township seats; rural Tibetan households lack mailing addresses.

Generally slow and unreliable internet access is typically limited to county and prefecture towns. Although computers are becoming more widely used, personal computer use is still uncommon, and computers are rarely employed by small businesses. Computer retail and repair shops are generally only found at the prefecture level and in certain county seats.

Throughout Tibetan areas, energy comes from hydro-electric sources and burning oil, coal, wood, and dung for household consumption. In some rural areas, solar power is used by households in the form of solar cookers and solar electricity generating panels. In general, energy is unreliable and in short supply. In some counties of Yushu Prefecture, for example, electricity is so inadequate that it must be rationed for all government units and private homes.

Abundant natural resources shape the external environment in which Tibetan enterprises operate, although access to these resources is often limited to the state sector. In total over one hundred minerals, including gold, silver, copper, iron, aluminum, antimony and lithium, have been discovered. Eastern Tibetan areas, such as Ganzi Prefecture, have abundant timber resources. In addition, Tibetan areas are home to a great variety of wildlife, including white-lipped deer, musk deer, blue sheep, wild yak and Tibetan antelope, and to a vast array of indigenous flora, including hundreds of medicinal herbs.

Although rich in natural resources, Tibetan areas are notoriously difficult to access due to their generally high elevation and limited means of communication and transportation. While this is a factor favoring cultural preservation, it is an obstacle to economic development. Without growth of transport and communications, a commodity economy cannot flourish. Though improving, generally poor roads greatly restrict the flow and turnover of freight, and inevitably are a serious obstacle to economic growth into the foreseeable future.

After centuries of practice, Tibetans are strong followers of Buddhism, which plays a central role in Tibetan society and is a way of life. Tibetans experienced difficult times since the Communist Party assumed control, particularly during China's Cultural Revolution, but most Tibetans maintain belief and faith in Buddhism that defines the value and fundamental meaning of existence through its core notions of karma, rebirth and enlightenment. Its essential role in people's daily life is exemplified through active engagement in such religions practice as counting prayer beads, turning prayer wheels and maintaining an altar in the home.

Tibetan areas should not, however, be seen as a monolith. As Samuel (1993, 112) noted: "Ethnic Tibet, despite the unifying effects of Buddhism, trade, and a common written language, has never been a particularly homogeneous region. The major provinces of Kham, Amdo, central Tibet, and western Tibet have different histories and have been shaped in many ways by those histories." Because of its immense area, there can be extreme variation in the language that Tibetans speak, making oral communication challenging. Nevertheless, Tibetans share many things, e.g., similar living conditions, pride in their highly evolved Buddhist culture and a common written language created a thousand years ago. Tibetans

share a similar mode of subsistence matching their natural environment and, regardless of their being herdsmen or farmers, they are *tsampa* eaters.⁴ Furthermore, despite living in five different large administrative regions in China, they face similar problems and challenges in modern life, reinforcing their commonalities.

1.2 Major challenges of Tibetan people since the Open Policy

Since the People's Republic of China (PRC) government initiated far-reaching economic reforms in the late 1970s, China has experienced significant economic change and growth. However, this growth has not been equitable, and the present economic gap between eastern and western China is wide. As Hu (2008, 71) argued, according to The World Bank, income in the world may be divided into four categories—high income, upper middle income, lower middle income and low income countries. China belongs to the lower middle income group. However, a typical phenomenon emerges—“One China but four worlds” when taking China's thirty-one provinces/ autonomous regions into account separately. In other words, China's area belongs to all four categories. Hu's finding vividly describes the inequitable situation of China's economic change since implementation of the open policy.

A detailed study of the differences between eastern and western China, conducted by Professor Zhuang Wanlu, Southwest Nationalities University, Chengdu, Sichuan Province, illustrates these gaps. Taking GDP per capita as an example, most western provinces and regions were far behind the provinces in the coastal areas. In 1998, the national GDP per capita was 6,404 RMB while in the western regions, only Xinjiang reached this figure. The TAR's GDP per capita of 3,696 RMB (approximately 450 USD), barely reached 57% of the national average. It must be remembered that these are 'official' figures, which often present a more favorable picture than may actually be the case.

The Chinese government officially addressed the problem of inequity in its ‘Western Regions Development Program’ (*Xibu Dakaifa*) in 1999. Since then, the western provinces and regions have demonstrated significant economic growth that was higher than the average rate in China. However, as we will see in chapter four, the gap between the rich and the poor grew ever wider.

The stark difference in wealth between eastern and western China is also observable in specific areas pertaining to the social, material and technical infrastructure that directly and indirectly impact general economic development of the regions concerned. Crucial discrepancies may be found, especially in technology, education, management knowledge and levels of innovation. For example, the literacy rate is very low in western areas. In 2005,

⁴ Since the most important grain in Tibet is barley, *tsampa* is not only the food most Tibetans eat on a daily basis, but it has become a central symbol of Tibetan culture and identity. “The folkloric notion of Tibetans as *tsampa*-eaters has often been used as a stand-in for other aspects of a Tibetan national identity, such as a sense of shared history, common literary language, Tibetan religion, and aspects of genealogy, myth and folklore” (Yeh, 2003, 55).

the national literacy rate (>15 years old) was 88.96%. However, other than in Xinjiang and Guangxi, the literacy rate was much lower in most western areas. On average it was only about 79% (NBS, 2006, 114).

Using availability of phone connections in China's villages as another example, the annual growth rate for industrial communication was 25.3% from 1979 to 2002, which was much higher than its GDP growth. China became the largest country in terms of the number of phones its citizen owned. There were only 10 phones among 100 people in 1998, which increased to 42 by late 2003. Though China had just entered the group of lower middle income countries, it corresponded to the group of high middle income countries in terms of the number of phones. China experienced a dramatic development in industrial communication but, again, this development was not equitable. For example, by late 2003, 10.8% of China's villages lacked phones, but this number was 1.03% and 25.31% for eastern and western China, respectively. The difference was huge. In total, about 52,000 villages in western China lacked phones, which accounted for 69.6% of total villages without phones in China. In contrast, eastern China only accounted for 2.94%, as illustrated in Table 1-1.

Table 1-1: The availability of phone connection in China's villages (2003).⁵

Area	Total villages	Villages without phone	Area rate of villages without phone (%)	National rate of villages without phone (%)
Eastern area	212,480	2,198	1.03	2.94
Central area	276,307	20,547	7.44	27.47
Western area	205,728	52,065	25.31	69.60
National	694,515	74,810	10.80	100.00

Tibetans, as a minority group in the 'west,' are in a dire situation. Literacy in 2005, for example, was only 55.16% in the TAR. In Qinghai Province, the literacy rate was 75.93% in 2005 (NBS, 2006, p. 114), which was lower than the average Qinghai resident; the percentage of literacy was still lower for female Tibetans. We estimate that in all of Qinghai Province, which is home to nearly 1.5 million Tibetans, that at least 60% of Tibetan females are illiterate.

The Human Development Index (HDI, 1994) provides further information in documenting disparities between regions in China. The TAR was ranked as having the lowest HDI value of 0.4, which was merely half of that of Shanghai and Beijing, which had the highest HDI value of 0.86. This value of 0.4 was also much lower than the HDI value of all-China, which had a HDI of 0.644. This number does not tell the whole story of the Tibetan people, but it captures far more of the reality than the GDP because it measures education, health and income.

⁵ Hu 2008, 53.

Additionally, according to Hu (2008, 76), in 1982, only Shanghai and Beijing belong to the group of upper middle Human Development ($0.80 > \text{HDI} \geq 0.65$) that accounted for only about 2.1% of China's total population. Under China's far-reaching economic reforms and growth, by the year 2003, seven provinces and regions including Shanghai, Beijing, Tianjin, Zhejiang, Liaoning, Guangdong and Jiangsu were in the group of high Human Development ($\text{HDI} \geq 0.80$), which accounted for 22.15% of China's total population. Most other provinces and regions were in the group of upper middle Human Development, accounting for 74.63% of the total population. Unfortunately, the HDI of TAR and Guizhou Province lag far behind other provinces, particularly the eastern provinces; they belong to the group of lower middle Human Development ($0.65 > \text{HDI} \geq 0.50$).

These challenges are apparent in the huge gap between Tibetan areas and other parts of the People's Republic and more seriously, between rural and urban Tibetan areas. Growing inequality has arisen between rural and urban areas all over China since the beginning of the new economic policies. However, as I will discuss in chapter four, Tibetan areas, particularly in the TAR, display the most extreme examples of this in all of China.

A key challenge faced by Tibetans in the modern economic environment is their basic lack of proper education. Education plays a crucial role in today's knowledge-based economy. Investment in education contributes significantly to productivity growth and to fostering technological change and diffusion. Particularly, better education is essential for employability and reducing social exclusion. However, despite impressive progress in educational development in Tibetan areas of China since 1978, a large gap remains between the educational attainments of Tibetans and the Han Chinese majority, and between Tibetans and other ethnic minorities. Particularly, the quality of education and training suffer from improper language of instruction, poor qualification of teachers, lack of materials and so on.

Most Tibetans, and especially herdsman, live in an environment inculcating an intimate knowledge of nature and the interdependence of nature's components. Environmental alterations that are beneficial to the business environment are potentially dangerous from ecological, cultural and ethnic points of view. Such externally-introduced activities as mining, logging and water-power exploitation are especially hazardous, since their benefits usually bring little lasting benefit to Tibetans.

Having recognized certain of the problems, the PRC government launched its Western Regions Development Program. Associated policies provided many business opportunities. However, Tibetans are poorly equipped to respond to and take advantage of such opportunities. During my research across Tibetan areas of China, one problem was strikingly obvious: Although the Tibetan population is in the majority in most Tibetan areas of China, Tibetan-owned businesses are estimated as only about 20% of the total businesses in those areas. This figure alone manifests the difficulties and challenges faced by the Tibetan community, revealing serious competition in seeking employment in their home areas.

Due to such reasons as related organizations not organizing and compiling business information by ethnicity, I did not obtain information regarding private enterprises by sector during my research. However, since Tibetan businesses are usually very small, they are not

considered large, or even medium size, by international standards. Particularly, since small shops represent the most common Tibetan business, I counted small shops in several major towns in Tibetan areas, and then sorted them by sector and owner ethnicity. For example, in Hezuo—the prefecture seat of Gannan—I visited two main streets where many shops were located and found a total of 370 shops that included clothing (63), commodities (59), restaurants (52) and small food shops (52). Others included barbershops, shoe sales, entertainment centers and so on. The business owners were primarily Han and Hui. Only 42 businesses were owned by Tibetans (11%).

Although the number of Tibetan owned business is limited in Gannan Prefecture, many people I interviewed told me that the number of Tibetans involved in business had dramatically increased in the past few years. They pointed out that a decade ago, a Tibetan owned business in Hezuo City was hard to find, but now there were many Tibetans doing business. In particular, with the policy of developing the western region, the number of Tibetans involved in business increases yearly. The people I interviewed commented that, compared to other counties in Gannan Prefecture, Xiahe, Hezuo, Maqu and Luqu counties have more Tibetans doing businesses; nearly half the restaurants are owned by Tibetans in Xiahe. However, in terms of the population, the number of Tibetan-owned business is still small, and most business owners are Han and Hui in Gannan Prefecture.

I was told a similar story in Huangnan Prefecture, Qinghai Province during my research in 2006. While small, the number of Tibetans involved in business had increased in the past several years. Although the Tibetan population of Zeku County accounts for more than 95% of the county's total population, as I was told by the director of the county's Bureau of Industry and Commerce, Tibetan owned businesses account for about 30% of total businesses. According to the population, the number of Tibetans involved in business is very small, but compared to 7 years ago the number is a dramatic increase. There were only 5 restaurants and 15 shops run by Tibetans in 1999, but today there are 23 restaurants and 139 shops run by Tibetans in Zeku County.

In Jiansha County, there are a total of 529 businesses, but only 53 are Tibetan owned, accounting for only 10% of total family owned businesses. However, the Tibetan population accounts for 62% of the total county population. Again compared to seven years ago, the number of Tibetan owned business has increased significantly. For example, there were only 8 newly opened restaurants and a few shops run by Tibetans in Jiansha in 1999, but today there are 17 restaurants and 31 shops run by Tibetans.

Aba Prefecture in Sichuan Province may serve as another example. Due to a relatively well-developed tourism sector, Aba Prefecture's economy is stronger than that of other Tibetan prefectures. However, Tibetan involvement in business activities remains limited. For instance, I found there are a total of 675 businesses in Barkham, the Aba Prefecture seat, of which 433 are owned by Han, 217 are owned by Tibetans, 22 are owned by Hui, and the remaining are owned by other nationalities (e.g., Bai). Tibetan owned business accounts for about 32% of the total.

Table 1-2 provides a sample of businesses in Barkham and a breakdown of businesses according to nationality. The information highlights the finding that Tibetan private businesses are concentrated in a few sectors, with virtually no Tibetan businesses in such trades as groceries and hairdressing salons.

Table 1-2: Sample of business breakdown by nationality in Barkham.⁶⁶

Business	Tibetan	Han	Others
Restaurant	64	110	8
Dress shop	39	121	8
General merchandise	34	76	0
Grocery	3	47	0
Hairdressing	3	29	0
Design and goods	31	7	9
Entertainment	16	21	0
Tea house	17	15	0
Small hotel	10	7	0
Total	217	433	25

In addition, as Hu (2003, 28) noted, private businesses in China are generally divided into two groups. Small businesses such as small shops are called 'Individual Industrial and Commercial Households' (*geti gongshang hu*) and 'Business Households' (*geti hu*); large ones are called 'Private enterprises' (*siying qiye*).

My interviewees told me that most 'private enterprises' were run by Han and Hui and that there were very few Tibetan run enterprises. For example, according to information provided by the Bureau of Industry and Commerce of Aba County, by the end of 2003, only two of the nine private enterprises in Aba County were run by Tibetans. According to information provided by the Bureau of Industry and Commerce of Hongyuan County, none of the seven private enterprises involved Tibetans. Most Tibetan owned businesses are small shops.

Lhasa, as the economic and political center of Tibetan areas of China has received much more attention and financial support from the central government, however, the situation is not better and, perhaps, worse. According to survey data provided by the Lhasa Federation of Industry and Commerce, the number of registered private enterprises in Lhasa was 438 in 2004. The survey carried out a sample analysis of 178 private enterprises of which 3 enterprises were engaged in first industry, 17 in second industry and 158 in the service sector. Among private enterprises, 37 are owned by Tibetans, accounting for 21% of total enterprises; and 141 enterprises are owned by Han and other ethnic groups, accounting for 79.1% of the total. In addition, among the 178 private enterprises, only 10 have registered capital above 5 million RMB, accounting for 5.6% of the total, and half of these are engaged in construction, building material and the decoration industry. Registered capital of the other 168 enterprises

⁶⁶ Source: fieldwork in the summer of 2006.

is, in total, under 5 million RMB, accounting for 94.4% of the total and mainly in the service sector. Additionally, 138 enterprises had registered capital under 1 million RMB, accounting for 77.4% of the total, had average capital of 437,000 RMB, indicating that most enterprises are very small.

Some of the Lhasa market displayed an even worse situation. For example, the market on the Potala Palace's west side was considered a larger, local market. It had 645 businesses in 2003, but only 2 were owned by Tibetans. The most Tibetan-concentrated market was central Lhasa where the two famous temples—Jokhang and Ramoche are located. Most Tibetan-owned businesses were there. However, although the share of Tibetan owned businesses was highest, it accounted for less than 40% of the total market business (Wang and Zhu 2005, 169-170). Most businesses in Lhasa were owned by non-Tibetans migrants.

Tibetans face many challenges and difficulties since promulgation of China's new economic policies. However, Tibetans marginalization in the market is one of the biggest challenges seriously affecting Tibetan daily life. Without local Tibetan participation in the market, there can hardly be sustainable economic development. More importantly, development must be rooted where people live if people's well-being is the purpose of development. Therefore, it is crucial to research why Tibetans do not effectively participate in the market.

1.3 The research

This study investigates why Tibetans cannot effectively participate in the market. The causes that obstruct people, particularly the poor, from effective participation in the market are complex and difficult to assess. There are no easy answers. To understand why Tibetans are unable to participate effectively in the market and, in particular, to better understand why only a limited number of Tibetans are able to run their own businesses, an understanding of Tibetan culture and society, their social practices and norms, is paramount. The Buddhist nature of Tibetan society explains in part why it is difficult to apply a "rational" choice theory derived from self-interested individualist prototypes of Western society that many social scientists assume to be a universal law. To have valid answers to the question of Tibetan participation in the market, it is crucial to understand the history and culture of Tibetan society and how they apply to the values and attitudes of Tibetans toward business. More importantly, it is essential to understand the applied government policies in practice. Additionally, education is a crucial factor in explaining the current observed phenomenon of Tibetans unable to compete with non-Tibetan migrants in the market.

Studies of Tibetan employment obstacles have resulted in various perspectives. Chinese and foreign scholars concur, however, in concluding that Tibetans are unable to compete with non-Tibetan migrant laborers. For example, the Chinese Academy of Social Sciences undertook a detailed study of economic and social development in Tibetan areas of China in 2003 that provided many interest cases of small businesses, most of which were non-Tibetan

owned. According to the data, 80% of private businesses were owned by non-Tibetans migrants (Wang and Zhu 2005, 11). Goldstein and others conducted a study of life in rural Tibet from 1997 to 2000. According to their study, "Villagers and many of their leaders are frustrated by the dearth of job opportunities in construction projects, blaming this not on the lack of economic investment in Tibet but rather on the unrestricted influx of non-Tibetan migrant laborers." They further observed that non-farm work was crucial for Tibetan rural households given an increasing population and decreasing land per capita. However, villagers and their leaders almost universally complained about the lack of jobs and the fact that the jobs that could be found were low-paying because of their low level of skills. The difference in pay scales between low skill labor (manual labor) and skilled labor were substantial; skilled laborers earned 65-100% more than their unskilled counterparts (Goldstein et al., 2003, 777).

Due to such reasons as difficulty of research access, Tibetan Studies is dominated by Tibetan Buddhism and historical issues while, post-socialist reform in Tibet is particularly ignored. Most studies of contemporary Tibet have largely ignored factors affecting Tibetan lives caused by changes in economic and social conditions. However, beside Goldstein and others, several recent studies have focused on Tibet and its economic reform effects.

Fischer's (2005) detailed analysis of Chinese government statistics concludes that most economic challenges facing Tibetan areas of China are marginalization of Tibetans from rapid state-led economic growth. His study emphasizes that economic development strategy pursued by the central government in Tibetan areas, encouraged rapid growth, but engendered an ethnically exclusionary dynamic in both rural and urban areas. He noted that the causes of such exclusionary growth are the structure and sources of economic growth, the confluence of population transitions from rural to urban and migration, as well as the role of employment and education. He stressed that poor education played a critical role in determining exclusionary outcomes. Because education and marketable skills among both urban and rural Tibetans are very low, low-skill employment is required to meet the needs of the largely rural Tibetan population in transition, but such opportunities are limited by the minimal role of productive activities in urban Tibetan areas. Additionally, where low-skill opportunities exist within the subsidized boom economy of Tibetan urban areas, Tibetans encounter competition from non-Tibetan migrants with much higher levels of education and skills.

Fischer rightly observed that Tibetans are marginalized in the market, and that poor education is a major cause. However, because he focused on the macro level, a detailed account is absent of the daily practice of education in Tibetan areas of China, which is needed to explain why education in Tibetan areas is very poor.

From a different perspective, Yeh (2003) observed the phenomenon of Tibetan marginalization in the market by observing Han migrants dominate almost all greenhouse vegetable production in peri-urban villages of Lhasa. Yeh started her research with a plan to answer questions about greenhouse farming in Lhasa. As she noted, vegetable production by Han migrants began in the mid-1980s and increased dramatically after 1992. After arriving in

Lhasa, Han migrants lease plots of land from Tibetan farmers and then profit greatly by growing vegetables on the land, Tibetan peasants willingly rent their land rather than engaging in greenhouse farming themselves. In order to better understand this situation, her research focused on the political economy and cultural politics of greenhouse vegetable farming in Tibet. Particularly, she focused on how environmental change—the behavior of the individual land user or household—was affected by influences at the larger social, geographical and historical strata.

She concluded that greenhouse vegetable production in peri-urban Lhasa was far more complicated and contradictory than the dry term “land use change” suggested. Tibetan farmers’ decision on land use was shaped not only by economic considerations, but also by histories of place and memories of the collective past. Particularly, the political sensitivity of the Tibetan issue that led to an exceptional level of surveillance and a politics of fear shaped the decisions made by Tibetan farmers. In short, Yeh concluded that Tibetan land use decisions were shaped by Chinese state hegemony (2003, 508): “...the marginalization of Tibetans in greenhouse vegetable farming, was not deliberately engineered by the state through blatant exclusionary policies, but rather by the ‘regular effects’ of development failure. ...State policies have opened up space for Han migrants to proper and outcompete local Tibetan residents not only in vegetable farming, but in almost every new economic opportunity available after economic reform.” She continues “By taking advantage of the ‘free’ market to profit from vegetable production in Lhasa, Han migrant now do the ‘taming’ work of the state. This is the case even though these Han migrants frequently see the state as being completely opposed to their own interests. The effects of their labor on the Tibetan landscape are another unintended consequence of Chinese state hegemony.”

Hu (2004) of Harvard University analyzed the Han-migrant dominated market of Lhasa. She investigated how market conditions affect migrant patterns of migrant entrepreneurs and emphasized that the issue of migrants in the context of Tibet was often examined from the perspective of political conflict or ethnic relations. Her study focused on their central roles first as migrants and as businesspeople. Her study was done during a time of large inflow of non-Tibetan migrants (mostly from ethnic Han regions) who were mostly engaged in small businesses.

She argued that non-Tibetan migrants come to Lhasa through typical migrant chains such as kinship or native place connections. It is not the common perception that migrant businesspeople in Tibet were government-sent agents with political goals, rather it is the macro socioeconomic conditions in Tibet that are largely responsible for the migrant-dominated market structure. By providing a supply of potential pioneers in the form of workers for the large infrastructure projects in Tibet, the state played a critical role as the seeder of networks that have channeled the majority of non-Tibetan migrants into Lhasa. Additionally, the political tension in Tibet has given the central government an incentive to supply and maintain a high income for an urban Tibetan population which attracted migrants.

Unfortunately, given the nature of her study, Hu failed to analyze why most businesses in Lhasa are owned by non-Tibetan migrants rather than local Tibetans. However, she believes

that Tibetans have advantages and better access to business opportunities when they become more skilled in obtaining favorable terms and market information.

Clearly, the issue of migrants and Tibet is complex and generates very different views and conclusions. However, these studies share at least the notion that non-Tibetan migrants have dominated the market of Tibet since the advent of China's Open Policy. And, although economic policy in Tibet has created many business opportunities, local Tibetans are unable to take advantage of these opportunities; instead, they are marginalized in the market place. Why is it, then, that Tibetans do not effectively participate in the market?

Numerous political, social, cultural, and environmental factors explain the difficulties encountered by Tibetan communities and points out that a lack of capacity to respond to the changing situations and opportunities available are major current problems that Tibetans face. Consequently, this study focuses on the development of small businesses and education in Tibetan areas and argues that encouraging and promoting Tibetan participation in business development and attaining access to quality education are crucial for a sustainable, prosperous society over the long term. Additionally, many changes in China are driven by policy and especially by policy shift from a planned economy to a market-oriented economy that engenders Tibetan marginalization in the market. It is thus essential to examine governmental policy to better understand why Tibetans have been marginalized in the marketplace since adoption of the Open Policy. The challenge is how Tibetan society can adapt to a competitive global world and achieve social progress and economic development while retaining its beloved, distinctive culture. Particularly, it is challenging in creating an environment in which Tibetans can develop their full potential and lead productive and creative lives in accordance with their needs and interests.

Although Tibetan areas of China have garnered much recent international attention, the reality of the Tibetan experience is often poorly understood by international donors. As a result, aid is not always directed and used as efficiently as it might be. Furthermore, international organizations tend to neglect the importance of economic and business development. Practical experience tells us that economic development activities in Tibetan areas of China leave much to be desired. Without a change in approach, little can be achieved in the future.

1.4 The material and method of enquiry

The data used for this study come from various sources but are primarily based on my research during the summers of 2006 and 2007 and also data I have collected since 1998, particularly September 2003-May 2004. On these occasions I visited most Tibetan areas of China. The methods used in the field work included site observations, interviews group meetings, and statistical data collection. People I interviewed included both Tibetan and non-Tibetan entrepreneurs, economists, government officials, educators and students. I conducted over 100 semi-structured interviews. Focus group discussions were conducted with government officials, Tibetan entrepreneurs, teachers and students. All focus group

participants were Tibetans. At least one focus group discussion was conducted in each prefecture and region. All interviews and focus group meetings were conducted in Tibetan or Chinese.

Information regarding policy issues was collected from such government offices as the Economy and Trade Bureau, the Federation of Industry and Commerce, the Bureau of Industry and Commerce, and the Poverty Alleviation Bureau. Parts of the interviews were done using questionnaires completed by both Tibetan entrepreneurs and students.

As early as the summer of 1998, as part of my internship for my MA program at Columbia University, I conducted a vocational training needs assessment in Huangnan Tibetan Autonomous Prefecture, Qinghai Province. During this time, I was able to discuss issues related to vocational training and education with many Tibetan college graduates, junior and senior middle school graduates, teachers, and Tibetan businesspeople. I also observed local business practices. It was a surprise for me as a college teacher with a dozen years of work experience, to learn that there were virtually no vocational schools in Huangnan Prefecture, even though the need for vocational training is evident, given the reality of increased unemployment, and the fact that the majority of Tibetan junior and senior middle school graduates were seeking jobs without vocational skills. It was also devastating to see very few Tibetans participating in business activities, Tibetan graduates earnestly waiting, hoping the government would hand out 'iron rice bowls' in the form of jobs that guaranteed one's livelihood for a lifetime and the sad realization that the situation was changing and government jobs were very hard to come by. This depressing situation encouraged me to carry on further study and seek possible solutions.

As a consultant for an international NGO, I carried out another needs assessment in the summer of 1999 that focused on business training in Huangnan and Hainan Tibetan autonomous prefectures, Qinghai Province. This provided further opportunity to interview many Tibetan entrepreneurs and related government officials. It also enabled me to visit different enterprises and observe the real situation of businesses. One result of this research was a business training workshop held at Qinghai Normal University in the summer of 2000, attended by 27 Tibetan businesspeople from throughout Tibetan areas of China. This was the first time such training was provided for the Tibetan business community. It was successful. All participants requested a continuation of such training and a few participants promised to fully support the next training. It was also seen as a good chance to share experiences and information, and some participants started to work together after the training. Because of the difficulty in locating qualified trainers in local areas, we invited two experienced Chinese entrepreneurs from Shanghai and Guangzhou, in addition to Tibetan trainers who were invited from both Qinghai and Gansu provinces.

This training workshop familiarized me with many Tibetan entrepreneurs from Tibetan areas of China, as well as put me in contact with entrepreneurs from economically advanced areas of China. These contacts helped me observe a variety of business practices in China. Consequently, I was able to organize more Tibetan entrepreneur training workshops in other Tibetan areas such as Sichuan and the TAR, which provided unique opportunities to know

more Tibetan entrepreneurs and understand their businesses and the difficulties they face.

In addition, as a teacher at Qinghai Normal University, I have participated in an English training program to Tibetans since 1999. This program initially recruited students exclusively from Qinghai Province. However, starting in 2000, we began recruiting students from Gansu, Sichuan, and Yunnan provinces and the TAR. This program provided yet another unique opportunity for me to visit all Tibetan areas of China and to observe and learn about the real situations of these areas. In particular, I had many discussions with Tibetan educators and related government officials about Tibetan educational issues that allowed me to better understand the difficulties faced by Tibetan middle school graduates and the serious competition in the job market. More importantly, I was able to learn many of the reasons for the poor education quality of Tibetan middle schools, which is a major reason why Tibetans cannot compete with Han migrants.

From September 2003-May 2004, I conducted a small business development and vocational training sector assessments as a consultant for another international NGO. I carried out preliminary interviews with a broad range of government officials, local Tibetans and Tibetan entrepreneurs, and selected relevant individuals for in-depth review and focus group meetings. We visited eight Tibetan autonomous prefectures: Huangnan, Guoluo, Yushu, Hainan, and Haibei prefectures in Qinghai Province; Ganzi and Aba prefectures in Sichuan Province and Gannan Prefecture in Gansu Province; and the TAR.

During the research, I interviewed relevant government officials, Tibetan entrepreneurs, non-Tibetan entrepreneurs, people interested in business, semi-educated Tibetan youth, Tibetan middle school teachers and students, and administrators of existing business development and vocational training programs. In addition, focus group discussions were conducted with government officials, Tibetan entrepreneurs, teachers and students. All participants were Tibetans. At least one focus group discussion was conducted in each prefecture and region. Questionnaires were distributed to and collected from Tibetan entrepreneurs and Tibetan middle school students on-site. Before distribution, I introduced the questions and clarified questions that arose. I found that group discussions were more fruitful than individual meetings because they promoted discussion among participants and because people offered comments afterwards regarding what others had said, thus providing additional background to what had been discussed.

This assessment provided opportunities to interview many Tibetan businesspeople and visit their enterprises. It also helped me obtain information from a broad range of related people and encouraged me to think more closely about the difficulties faced by Tibetans and the challenges faced by young Tibetan college graduates. It also enabled me to become more familiar with macro- and micro- level policies and practices.

Because of my previous experience, my fieldwork during the summer of 2006 and 2007 went smoothly. I was able to easily contact relevant people and conduct interviews. Instead of focusing on the current situation and difficulties faced by Tibetans, I paid close attention to why Tibetans do not effectively participate in the market and I explored certain related reasons and causes. Experience and knowledge accumulated in previous research helped me

to better understand the situation so that I could narrow my findings and focus on the major issues that affect Tibetan market participation.

I also conducted extensive documentary research. Records on the change of government policies regarding economic development in Tibet are available, particularly in Chinese. There are published books, articles and government reports giving national guidelines regarding both economic and political policy in Tibet. They also contain general policies, local regulations and other reform measures. The data collected from an assortment of statistic yearbooks and the work of other researchers also provided useful materials and insight; their insightful perspective, also provided further information and deeper knowledge to better understand the research questions.

1.5 Organization of the dissertation

The main goal of this study is to analyze why Tibetans do not effectively participate in the market. Participation in economic activities either as producers or consumers, not only helps people access and increase their choices but also increases a sense of self-respect, self-confidence and sense of social dignity. However, governments and markets often fail to provide such an enabling environment. Major obstacles include the legal system, bureaucratic constraints, undeveloped social infrastructure, social norms and misdistribution of assets. In addition, entrepreneurship is embedded in the social context of a particular area. Operating a business is not an outcome based solely on individual endeavor, but a continuing process of interaction between various social actors operating in a particular social context.

Due to this complexity of mutually influencing factors, it is critical that a facilitating institutional infrastructure bring together each element of local society in consensual and cohesive action, thereby creating a conducive environment. However, it is a reality of Tibetan areas that certain people do better than others within the same legal system and economic environment, particularly taking into account SMEs' experience and practice. While many social, political, economic and environmental aspects contribute to create the particular environment in which market participation occurs or is obstructed, this study focuses on several key factors in order to emphasize their relative importance and bring their particular contributions into relief.

Chapter 2 formulates a theoretical framework based on relevant theories and on available data about the realities of Tibetan areas of China. Its aim is to suggest a construct of the dimensions and factors that impact Tibetan market participation. Most significantly here, these theories provide the conceptual tools for organizing, interpreting and evaluating my research and research findings.

Since Tibetan society is virtually a Buddhist society, Buddhism strongly influences Tibetan culture. In order to better understand Tibetan participation in the market, it is important to understand how the Tibetan cultural understanding of Buddhist theory affects the attitudes of Tibetans towards business and their material lifestyle. Particular attention should be paid to how historical socio-economic practices and cultural traditions affect

Tibetan people's attitude towards involvement in business activities. Therefore, chapter 3 examines Tibetan Buddhist culture and Tibetans historical socioeconomic practices and their impact on Tibetans market participation.

Since China's new economic policy, particularly, after introducing the policy of developing the Western region, Tibetan areas demonstrated significant economic growth. For example, the economic growth of TAR was even higher than China's average growth rate. However, growth alone does not tell the real story. Therefore, Chapter 4 attempts to reveal the stories behind that economic growth by examining the failures of the central government's economic development policy in Tibet in terms of capturing Tibetan reality, especially its failure to recognize Tibetans' limitation in market participation.

Chapter 5 examines the practice of education in Tibetan areas of China. I show that poor education is not only demonstrated by extremely low attainment, but more importantly, it also is shaped by daily practice such as the improper use of instructional languages, poor quality of teachers and lack of teaching materials. At the same time, the chapter also contributes an argument on how vocational education in Tibetan area fails to provide the skills needed for robust market participation. Chapter 6 concludes this work by proposing a strategy for people-oriented and locally based economic development in Tibetan.

Chapter 2 Theoretical settings

As a study about Tibetan people, specifically about why Tibetans ineffectively participate in the market, this chapter begins with a discussion of market-and people-oriented development theory. It must be noted at the outset that this study treats people as both the means and ends of development. However, as Pieterse (2001, 17) has noted, after development thinking has been state-led, market-led and society-led, it is now increasingly understood that development action needs a combination of cooperation between government, civic and international organizations and market forces. He further argues that the appropriate response to marginalization caused by market forces is not to alienate or ignore market force, but instead, “a wiser course may be to explore what common ground exists between the market and social development, or the scope for a social market approach. The target is not the market but the unregulated market” (2001, 114). In short, a people-friendly market approach is necessary for people, in particular, impoverished people to effectively participate in the market. Additionally, development cannot be successful if it is distant from local conditions. Fully taking local conditions into account is critical for people’s market participation and, more importantly, it is crucial for sustainable economic development. Furthermore, available evidence stresses that quality education is a key precondition for people to effectively participate in the market and particularly so in today’s knowledge-based economy; it is essential for market participation and limiting social exclusion.

2.1 Market, the state and people

For the last several decades, the main streams of development have focused on economic development, informed by the notion that problems in the developing world are eventually solvable by economic development. This view posits that the economy can develop through sustained accumulation of capital and that, further, a certain automatic spreading and trickling down of development benefits over the long run assists those initially bypassed. Meanwhile, it is recognized that there is a need for structural reforms consequently, development is seen as a discontinuous, multi-stage process. Moreover, the main streams of thought concerning economic development have gradually shifted from universal generalizations towards differentiated concepts of conditions and patterns of societal transformation. Development is increasingly perceived as a process of plurality—the different prospects for growth and transformation in various categories of developing societies are emphasized (Martinussen, 1997, 55). Appreciable economic growth as measured by GDP and GNP is the fundamental target. As a result, development studies have focused on how to increase economic growth, minimizing the role of people as the agents of change and beneficiaries of development. What was important was what could be measured and priced, and how to increase production. Little was written on how to enhance human lives (Haq, 1995).

As Korten(1995, 37-41) pointed out, no single idea is more deeply embedded in modern political culture than the belief that economic growth is the key to meeting such important human needs as poverty alleviation and environmental alleviation. However, there is less agreement on how, exactly, to achieve growth. Certain of the more influential theories include massive industrial development as a consequence of capital accumulation, transfer of labor and resources to high-productivity sectors, stages of growth towards economic ‘take off’, unbalanced growth and so on.

It is generally accepted that markets are the basic principle for the organization of economic activities. After the collapse of the Soviet model of state socialism, neoliberalism with its emphasis on market mechanisms became a dominant way of thinking about development. As Thomas (2000, 10) point outs: “Since liberal capitalism is accepted as the dominant mode of social organization and the basis for globalization, it can be argued that development is now thought of mostly in terms of ameliorating problems rather searching for alternative modes of wholesale social transformation.”

In his major work *Wealth of Nations*, Adam Smith emphasized the critical role of market mechanisms—‘the invisible hand’ that ensured production in society was organized in the best interest of all. Afterwards, his idea about market mechanisms for economic growth played prominently in related debates. The notion of the ‘invisible hand’ has been central in the debate in relation to the state-versus-market controversies (Martinussen, 1997, 20). The dynamic of market force is recognized within the internal logic of the self-regulating market; people act rationally in accordance with their own material interests to maximize return on investment in order to accumulate and reinvest. Market competition is seen as the major force for economic change and growth and is thought to lead to greater productivity per working hour and to be the driving force for increased innovations. “Thus successful capitalists are able to enter a positively reinforcing cycle: profit-accumulation-reinvestment-growth-innovation-increased productivity-increased profits; and then can use those increased profits to continue the cycle” (Thomas, 2000, 37). This system is often described as efficient and progressive since it allows enterprising individuals to be more productive and innovative and inclusive in that everyone supposedly benefits from this dynamic process.

The market system organizes activities not through governmental planning but through buyer-seller interaction. Consequently, decisions on the allocation of resources are made on the basis of prices established by voluntary exchanges of goods and services between producers and consumers. As Lindahl (2005, 32) wrote: “In a market economy decision-making is decentralised and performed independently by groups and people. A market economy consists of a very large number of partly interdependent markets, shifting over time in the sense that markets are born and markets also die. Markets might be local, regional, national or international in scope.” Therefore, it is a system of society-wide coordination of human activities by promise of money payments. Participants are cooperatively linked with millions of others. It not only organizes cooperation that serves economic purposes, but virtually all kinds of individual purposes and accomplishes the great tasks of social cooperation. As Lindblom (2001, 41) noted, the market system has become a global

coordinator of cooperative performance in our time. There is no other method of social cooperation comparable with the market system in scope and detail. "If individuals, families, and other groups are to enjoy a great array of noncoerced opportunities for taking initiatives to arrange cooperation, they need a market system" (Lindblom, 2001, 276).

However, the market often fails, particularly when it only focuses on economic growth. Ample evidence shows that economic growth does not necessarily lead to a better life for the people concerned. This contention does not require examples from distressed states, e.g., in the USA, GNP per person increased from 35% in 1969 to 1986, but average individual welfare remained on a plateau and fell during the early and mid-1980s. Ironically, economic growth often leads to social exclusion and marginalization for income may not be evenly distributed within a society. Often the weak, poor and minorities are further excluded in a society with robust economic growth. Korten (1995, 48) argues that economic growth often raises the incomes of the wealthy faster than those of the poor and, even if all incomes were to increase at the same rate, the consequence would be much the same—the absolute gap between rich and poor would grow. This is true based on free-market assumptions, i.e., that each individual is competing to access the limited resources and the person with the most money invariably wins. Furthermore, it is believed that open markets are often the best guarantee for unleashing human creativity. The open market normally creates many opportunities, but without sufficient investment in education and health, people enter the market with considerable disadvantage. For example, with literacy rates below 50% in South Asia and Sub-Saharan Africa, one billion people lack the basic education and skills needed to access market opportunities. Furthermore, where the need for credit is greatest, market creditworthiness may be the lowest. The poorest 20% of the world's population receives only 0.2% of global commercial credit (Haq, 1995, 35).

Market-based development gradually leads to huge disparity between regions, and reinforces bipolarization and deepens inequality. China is often used as an example of a country doing a good job in poverty reduction and distributing income more equally. As the 1994 Human Development Report noted, China falls in the medium HDI category despite its low per capita income. It also has the largest positive gap between its HDI rank and its GNP per capita rank—showing that it has made judicious use of its national income. However, its current steady and fast economic growth is incompatible with its human development effort. It had the largest positive gap between HDI and GNP per capita ranks in 1991 (a value of 51), which dramatically declined from 1991 to 2001. The gap between its HDI rank and its GNP per capita rank was 7 in 2001. It was still a positive number, but it shows that the HDI rank did not change appreciably, despite a significant increase in GNP rank.

Concentration on growth while neglecting distribution not only harms enthusiasm and creativity, but also endangers social stability. Increased disparities in China's economic growth for example, lead to greater corruption and mass dissatisfaction; growth-centered development increases environmental degradation. Many government officials attempt to use all resources available to increase growth, since it is often the sole indicator of their personal achievement. Consequently, not only are local people's basic needs disregarded, but

environmental destruction may be such that nature suffers irreparable damage. This is particularly the case in Tibetan areas of China. Because of a strong belief in Buddhism and isolation from modernity, Tibetans historically lived harmoniously with the natural environment they depended on. However, environment degradation has been a serious problem since 1950 when government initiated modernization efforts in Tibetan areas. For example, the grassland degradation rate was 30%-35% from 1980 to 2000 in the TAR. Among the many reasons for this, such as natural and human activities, overgrazing is a key reason (Deng, 2005, 139). Concentration on economic growth but neglecting people and their socioeconomic condition also largely excluded local Tibetan participation in the modernization process.

In describing cowboys in open frontiers and spacemen in closed ones, Kenneth Boulding presents a vivid economic picture of this distressed situation. Living on open frontiers, cowboys are free to take anything they want; there was always some place else to go when things went wrong, such as deterioration of the natural environment. In contrast, spacemen must maintain a balance with limited reservoirs. They must consider how the entire system works in order to maintain their lives. Therefore, they must find a place in a cyclical ecological system that is capable of continuing to reproduce the things they need (Korten and Klauss, 1984). The growth-centered development model, to some extent, encourages people to think like cowboys, treating natural resources as free for the taking as though they lived on a planet with no limits.

This is not to reject economic growth for it is essential that society meets its needs and reduces poverty. However, evidence shows that growth-centered development is ineffective in realizing the needs of the great mass of the population. Certain of the reasons are listed by Korten and Carner (1984, 207) who illustrate/ outline the characteristics of growth-centered development:

- Industry over agriculture, yet agriculture is how the majority of the world's people obtain their livelihoods;
- Urban over rural areas, yet rural areas are where the majority of people live;
- Concentrated over broadly based ownership of productive assets, with the outcome that development investments benefit the few more than the many;
- Optimal use of capital over optimal use of human resources, with the consequence that capital is employed while people are not;
- Exploitation of natural and environmental resources to achieve short-term increments in physical wealth over management practices that sustain and increase the yields of these resources, resulting in destruction of the environment and rapid depletion of the natural resource base;
- Efficiency of interdependent large-scale production units based on international comparative advantage over the diversity and adaptability of small-scale units organized to achieve relative local self-reliance, resulting in economies that are energy-inefficient, lack adaptability and are prone to disruption from breakdown or political manipulation in any part of the system.

China has achieved success in producing the world's fastest economic growth and substantial poverty reduction since implementation of new economic policy. Nevertheless, because of its growth-focused and unbalanced economic development strategy, many of the above listed characteristics of the growth-centered development model apply, which are particularly applicable to Tibetan areas of China. For example, growing inequality has arisen between rural and urban areas since the beginning of new economic policy implementation. Tibetan areas, particularly the TAR, display the most dismal situation in the entire country. The ratio of average income between the TAR's urban and rural areas increased from 2.79:1 in 1985 to 4.8:1 in 2000. This figure is nearly double the ratio of China's average income ratio between urban and rural areas. Given the reality that the overwhelmingly majority of Tibetans live in rural areas, only a limited number of urban Tibetans enjoy the benefits of economic growth. Additionally, the needs of local Tibetans for market participation are largely ignored since capital is critical for growth-centered development, but not human resources.

Recognition of such market failures as dehumanization, inequality, poverty and environmentally unsustainable consequences does not mean that the only choice is to alienate the market force and rely on the state. Following the example of the Soviet Union, and also because the Great Depression was seen as a failure of capitalism and markets, many developing countries emerged from a colonial period with a strong belief in state-dominated economic development. Under centralized planning, the state would mobilize resources and people and direct them toward rapid economic growth and be involved in virtually every aspect of the economic activity. However, this strategy also failed as evidenced by the collapse of the socialist economy (World Bank, 1997, 23).

In arguing for a more people-centered mode of development, the key issue is not a choice between state or market for the two are inextricably linked. State intervention emphasizes market failures and accords the state a central role in correcting them. But the state should work with the market forces rather than against them. Markets are efficient for production allocation and commodity exchange, but markets require a legal and regulatory framework that only governments can provide. "A clearer understanding of the institutions and norms embedded in markets shows the folly of thinking that development strategy is a matter of choosing between the state and the market.... Countries need market to grow, but they need capable of state institutions to grow markets" (World Bank, 1997, 38).

Furthermore, as Thomas (2000, 45) points out, the consensus among world decision-makers and academics is the need for non-market intervention that strives not to replace the market but to combine state and market. The state alone has a role to play in intervention. Additionally, as Lindblom (2001, 8) suggested, the market system is not Adam Smith's *laissez-faire*—a market system tied to a minimal state. In our time, it is rather a governed market system, heavily burdened by many governmental activities, many of which are necessary and helpful in making a market system flourish, despite the wastefulness of some of them.

Social coordination needs a market, but it also requires a great deal of help from the state that must establish the necessary property rights and obligations of contract without which people cannot make exchanges. It also provides basic infrastructure necessary for proper market functioning. In other words, “The prospect of sales might be thought to be a sufficient inducement to energize market activity, but no market system can survive without governmental aid. And governments offer aid not merely to keep the market system alive but to stimulate growth. If the market system is a dance, the state provides the dance floor and the orchestra” (Lindblom, 2001, 42).

The state is important to economic and social development; sustainable development is not possible without effective state presence. The state’s ability to deliver collective goods efficiently is crucial to providing a dynamic institutional framework for development. Based on a study covering thirty years and ninety-four industrial and developing countries, World Bank (1997, 30) economists concluded that policies and institutional capability are critical for economic growth and for other social indicators such as infant mortality. Similarly, the result of a survey of over 3,600 domestic firms in 69 countries provides strong evidence that institutional capability has a powerful impact on growth and investment.

It is crucial for the state to play a facilitating role, encouraging and complementing the activities of private business and individuals, and establishing the appropriate institutional foundations for efficient market function. Establishing an enabling environment helps firms and individuals develop their potential and to be more innovative, thereby contributing to economic change and growth. Public policies must ensure that people are protected against material and personal insecurity.

From the standpoint of economic feasibility, it is not a choice between state and market. As Martinussen points out:

“The key task is to establish a working relationship between the state and the private sector. Following contemporary conventional thinking on this issue, as proposed also by World Bank economists, states should do less in those areas where markets work properly; they should do more where markets cannot be relied upon. To the extent that policy interventions are necessary, they should work with or through the market forces rather than against them” (1997, 266).

However, this is not the whole story about development. Who is doing development? To whom? For whom? Why? These are important questions if development is trying to avoid or ameliorate the problems mentioned above. In my view, the principle purpose of development is to enhance people’s material and spiritual well-being and be people-oriented, not growth-centered development. Fundamentally different from growth-centered development, people-oriented development argues that people are both the means and the end of economic development. Instead of treating people as exogenous variables, as in growth-centered development, people-oriented development sees people as primary endogenous variables and the primary development resources.

The Special Adviser to the Administrator of the United Nations Development Programme (UNDP), Mahbub ul Haq, helped launch the Human Development Report in 1990, which has since become an important indicator of human development. The main effect was to direct attention more directly towards the social and human aspects of development instead of the traditional one—economic growth. He emphasized that the real purpose of development is to increase people's choices in all fields—economic, political and cultural, and that seeking an increase in income is only one of many choices people make. Paul Streeten (Haq, 1995, ix) pointed out that human development puts people back on center stage after decades in which a maze of technical concepts obscured this fundamental vision. He emphasized that this is not to say that technical analysis should be abandoned, but that we should always remember the ultimate purpose of the exercise of development—to treat present and future generations of men, women and children—as ends, to improve the human condition, and to enlarge people's choices. Beyond the basic needs of human beings, particularly focused on the poor and deprived, human development concerns all human beings, not only the poor and impoverished countries; it applies to rich countries as much as to the middle-income and low-income countries.

Equity, sustainability, productivity and empowerment are essential components of human development. Haq (1995, 16) argues that the fundamental difference between economic growth and human development is that the first focuses exclusively on the expansion of only one choice—income, while the second embraces the enlargement of all human choice including economic, social, cultural and political choices. Therefore, these four essential components are important in distinguishing the human development paradigm from growth-centered models.

Equity is essential to enlarging people's choices. Without equity people are restricted to opportunities available; without equity the rights of entire sections of a society may be endangered. Haq (1995, 18) argues that equity should be understood in terms of opportunity, which does not always translate into equity. Equity in opportunities may not lead to similar choices or results, and what people do with their opportunities is their own concern. Furthermore, equity in political and economic opportunities is a basic human right. In order to enlarge people's choices, equitable access to opportunities lies at the heart of human development. Additionally, greater equity reduces conflict, and builds trust and better institutions, thereby having more efficient economic functioning with dynamic benefits for investment and growth. Reducing inequalities is necessary for greater efficiency and prosperity in the long run, since pronounced inequalities are often associated with weak economic institutions that undermining the investment and innovation essential for long-term growth (World Bank, 2005, 129).

Lack of equitable access to opportunities is central to explaining why Tibetans do not effectively participate in the market. Poor infrastructure greatly hinders Tibetans access to markets and poor education and lack of knowledge of the Chinese language result in limiting Tibetans' ability to access information that is crucial for market participation and ability to compete with non-Tibetan immigrants who have better education and whose first language is

Chinese. As the World Bank report (2005, 4) emphasizes: “Education and health are of intrinsic value and affect the capacity of individuals to engage in economic, social, and political life.” However, although the development of education has greatly progressed since the advent of new economic policies, Tibetan-medium education is unavailable to the great majority of those for whom Tibetan is their mother language and language of choice. The practice of education in many Tibetan places is very poor, particularly in comparison to other areas of China.

I argue that people-oriented development, no matter what strategies are taken by whom, takes people as the starting point; the means and the end. All questions related to development should relate to people’s well-being—present and future. As Haq (1995, 16-20) noted, people-oriented development embraces every development issue, including economic growth, social investment, people’s empowerment, provision of basic needs and social safety nets, political and cultural freedoms and all other aspects of people’s lives. Overall, human happiness and satisfaction are critical indicators in assessing achieved development, though there can be no common standard for social values and cultural heritage varies.

Moreover, given the world’s complex reality, people-oriented development must adjust its focus to fit the real needs of a society. Equity may be more important than basic needs in certain societies, while it may be the reverse in others. For some, it is more important to consider what responsible well-being means, while for others it is crucial to understand empowerment. I am particularly concerned with seeking strategies that promote people-oriented sustainable economic development while respecting local culture. According to the current situation in Tibetan areas of China, lack of capacity to actively and effectively participate in the process of development is crucial to explain difficulties faced by Tibetan communities.

As I have emphasized, the market is the basic principle for the organization of economic activities therefore, people’s well-being is largely determined by market forces. In particular, as Lindahl (2005, 27) observed, the poor derive their income as small-scale producers, entrepreneurs and laborers largely within the private sector and from market-related activities. Consequently, it is a rational and necessary strategy to make the market work better for the poor. A well-functioning market is crucial to maintaining sustained economic growth and thereby reducing poverty. However, people’s market participation is often restricted by such circumstances as their religious background, education, family wealth and power, gender, social relations, geographic location and so on. As Zhuang (2008, 27) argues, an individual’s circumstances are exogenous to and often outside of the control of the individual, who should not be held responsible for them. Additionally, social exclusions caused by different individual circumstances often arise from institutional weaknesses, market failures and policy deficiencies, stressing the urgent need to employ public policy interventions.

“The central role of the government is to develop and maintain an environment that enables business investment and private entrepreneurship by eliminating impediments and distortions created by market failures, institutional weaknesses, and policy

shortcomings. This requires the government to invest in physical infrastructure and human capital, build institutional capacities, maintain macroeconomic stability, adopt market-friendly policies, protect property rights, and maintain the rule of law” (Zhuang, 2008, 29).

As Friedmann (1992, 7) argues, the state remains a major player. Without the state’s collaboration, the lives of the poor cannot be significantly improved; local empowerment requires a strong state that needs to be more accountable to poor people and more responsive to their requests. Conversely, economic development is an important aspect for people-oriented development but it is not the only aspect, in contrast to growth-centered development. Furthermore, “In this world, the only thing worse than being part of the evolving economic hierarchy is being excluded from it” (Henwood, 1993, 8, cited in Pieterse, 2001, 59). Strength is generated through active engagement with reality, and the marketplace represents a powerful and dynamic force in society, further accentuating the critical importance of noting and examining human participation in the market. However, it must be mentioned that the market is not an end in itself; it is a means to bettering the human condition—for all peoples. In order to promote full participation, it is crucial to better understand the society concerned and it is equally crucial to make the market more people-friendly.

2.2 The impact of social and culture context

A people-oriented approach must be rooted in local realities because individual well-being cannot be separated from a person's social and cultural values. Therefore, the starting point of a people-oriented development approach is to understand local social norms and practice. Consequently, to better understand why Tibetans are unable to effectively participate in the market, it is essential to first explore Tibetan culture and its impact on values and attitudes toward business activities.

Weber’s argument about the origins of modern capitalism is among the most influential in the history of the social sciences and demonstrates that cultural traditions are remarkably enduring and shape the political and economic behavior of society today. Weber investigated why modern capitalism rose first in the West, specifically in Protestant rather than Western Catholic societies. He argued that legal and commercial changes, institutional developments and technological innovation in Europe were insufficient by themselves to provide an adequate explanation, since other societies had developed banking, credit institutions and legal systems, as well as the foundations of science, mathematics and technology. He noted that the material conditions for capitalism existed in many earlier civilizations, including the rise of the merchant class engaged in trade and commerce in China, Egypt, India and the classical world, well before the Protestant Reformation (Norris and Inglehart, 2004, 160). He believed that human avarice, material interest, the evolutionary course of progress and economic interests of capitalists cannot entirely explain the narrative of modern capitalism’s

origins. He contended that the spirit of modern capitalism grew out of “the Protestant ethic” of sixteenth- and seventeenth-century Puritan churches and sects. “These sincere believers forcefully placed work and material success in the middle of their lives, and little else seemed to matter greatly to them, not even family, friendship, leisure, or hobbies” (Kalberg, 2002, xi).

Ascetic Protestantism preached that people have a duty to work diligently, to pursue financial rewards and to invest prudently. As Kalberg (2002, xxxv-vi) noted, to Weber, the “idea to organize the believer’s entire life around disciplined work resulted simply from its power to convince the faithful of their membership among the predestined few, thereby answering the burning question: Am I among the saved? If the faithful made an effort to work in a methodical manner, and discovered an ability to do so, a sign of God’s favor had been given them.” Furthermore, Weber emphasized that the positive psychological effect of the assurance of salvation was important for the Puritans. Business skills and the acquisition of wealth were not ends in themselves and to strive for riches for the purpose of living well was sinful. Instead, the Puritans considered wealth to be an unintended consequence of their major pursuit, which was salvation. Success in rationalized activity demonstrated God’s blessing. Thus, wealth and profit were signs of one’s salvation.

“The Protestant ethic was therefore understood by Weber as a unique set of moral beliefs about the virtues of hard work and economic acquisition, the need for individual entrepreneurial initiative, and the rewards of a just God. Its specific values emphasized self-discipline, hard work, the prudent reinvestment of savings, personal honesty, individualism, and independence, all of which were thought to generate the cultural conditions most conducive to market economies, private enterprise, and bourgeois capitalism in the West” (Norris and Inglehart, 2004, 161).

As Kalberg (2002, 1-li) argues, Weber’s work emphatically called attention to the impact of culture on action. Weber insists that market-oriented activity is not merely a consequence of economic interest but also of an economic culture. Sustained economic development is not solely driven by economic interests and market calculation. In addition, Weber acknowledged the importance of such institutions as schools, churches, the state and the military on action, but he emphasized that culture has an independent impact upon institutions, and create quite different patterns of action in institutions that possess similar structures.

In contrast, Buddhism, particularly Tibetan Buddhism emphasizes karmic law. It holds that one’s present life is only one life in a perpetual round of rebirth, and each successive birth is conditioned and determined by one’s actions in previous lives. Humans are one element within the whole natural system of causes and effect. It is not good to destroy any living being, whether human or animal, since all are co-dwellers within this natural system. More importantly, Tibetan Buddhism holds that living beings experience suffering because of their previous negative actions—actions motivated by afflicted desires. Ordinary living beings are ignorant, caught up in transitory pleasures and fail to recognize the pervasiveness of suffering. Therefore, it is crucial to realize that we are enmeshed in various factors of

cause and effect that lead from one state of suffering to another. The way to overcome suffering is to eliminate afflicted desires. As Daniels (2005, 247) notes, the joys of possession, control and sensual satisfaction are understood as transitory distractions by Buddhists. Their pursuit is endlessly dissatisfying. The source of this dislocation from true happiness is associated with the desire of a world driven by ignorance and human egotism. Therefore, the remedy for suffering is to remove worldly desire by avoiding actions motivated by private self-fulfillment based on material accumulation and power. "The means to salvation for humankind is elaborated in the "Eight-Fold Path" which is dominated by the humanistic principles of right conduct" or action and associated intentions and mental conditioning underlying such action" (Daniels, 2005, 247).

Thus, the Buddhist orientation is not opposed to material gain, but individual self-interest and maximization of personal material gain is not a priority of the Buddhist path. Instead, actions leading toward spiritual development are the primary determinant.

Building on Weberian tradition, many contemporary scholars argue that development is strongly influenced by cultural values. For example, according to Inglehart (2000, 81), Huntington argued that the world is divided into eight or nine major civilizations based on cultural differences, and future political conflict will occur mainly along these cultural divisions—not along ideological or economic lines. Additionally, Huntington is convinced that Protestant culture made Americans the most individualistic people in the world, since most Protestant sects emphasize the individual's role in obtaining knowledge of God from the Bible by themselves without intermediation by a clerical hierarchy. He argues that the American Protestant belief in individual responsibility gave rise to the gospel of success and the concept of the self-made man (Huntington, 2005, 69-70). Moreover, Fukuyama argues that a society's ability to compete in global markets is conditioned by social trust, and low-trust societies are at a disadvantage because they are less effective in developing large and complex social institutions (Inglehart, 2000, 81). He also argues that religion remains an important source of cultural rules, even in an apparently secular society. However, religious rules are subject to spontaneous evolution as they interact with a society's given historical environment (Fukuyama, 2000, 111). Inglehart (2000, 81) noted that all these analyses reflect the assumption that contemporary societies are characterized by distinctive cultural traits, which powerfully impact the political and economic performance of societies.

In contrast, modernization theorists argue that the world is changing with the rise of industrial society and the shifting away from traditional values as coherent cultures disintegrate in the face of economic development's powerful impact on cultural values, which inevitably brings about the decline of religious and cultural differences. In a detailed study using data from three waves of the World Values Survey that covers about 75% of the world's population, Inglehart (2000, 80) concludes that both claims are true:

- Development is linked with a syndrome of predictable changes away from absolute social norms, towards increasingly rational, tolerant, trusting and postmodern values.

- Culture is path dependent. The fact that a society was historically Protestant or Orthodox or Islamic or Confucian gives rise to cultural zones with highly distinctive value systems that persist when we exert control for the effects of economic development.

Norris and Inglehart (2004, 220-221) pointed out that the erosion of religious values, beliefs and practices is shaped by improvement in the existential security of each society, a process related to human development, with a cultural legacy and religious tradition typifying each society. The process of secularization tends to bring systematic cultural changes that move in a foreseeable direction, diminishing the importance of religion and traditional cultural norms in people's lives, thereby rendering people more tolerant of cultural change and traditional values related to divorce, abortion and so on. However, a society's historical heritage leaves a lasting imprint. The rise of existential security is conducive to secularization, but the historically valued religious beliefs and other social norms tend to leave a lasting impact on a given society. For example, the citizens of historically Protestant societies continue to exhibit beliefs that are different from those prevailing in historically Catholic, Hindu, Orthodox and Confucian societies. More importantly, they emphasize that these differences are not reflective of the influence of the religious authorities today; for example, they exist in societies where most people no longer actively participate in church. Therefore, they reflect historical influences that shaped the national culture of the given society and affect the entire population today. Thus, cultural differences linked to economic development do not shrink but expand. Secularization and the persistence of cultural difference are thus perfectly compatible.

Tibetan Buddhism experienced a difficult time after the Chinese Communist Party exerted control. Religious practice was prohibited and effectively eliminated during China's Culture Revolution. However, Tibetan Buddhism began to revive after China's new economic policy began to be implemented in 1978. It must be noted that, although the government was able to suppress the practice of Buddhism in Tibet during the period of the Cultural Revolution, it could not do so on a cognitive and emotional level. Tibetans put into practice the religion that had continued to live in their minds as soon as the government revoked legal prohibitions. Additionally, although religious activities are not as intense today as was the case in traditional society, religion's lasting impact on Tibetan society is demonstrated by Tibetans' continued strong belief in Tibetan Buddhism. Today, the political and economic system is very different from that of traditional society, but most Tibetan households still maintain a home altar. Tibetans actively engage in such religious practices as counting prayer beads, turning prayer wheels, visiting monasteries and so on. Tibetan Buddhism has not only played a central role in Tibetan society, it is a way of life.

In terms of the cultural impact on economic development, Grondona (2000, 45-47) concludes that economic development is a cultural process and that a favorable environment for sustained economic development only becomes viable when certain intrinsic values prevail. He defines such intrinsic values as those that are upheld regardless of the benefits and costs. In contrast, a value is instrumental when we support it because it is directly beneficial to us. Since instrumental values are by definition temporary; only intrinsic values are crucial

in leading to sustained economic development. Grondona points out that all economic values are instrumental, meaning that the values driving constant investment cannot be of an economic nature otherwise, they would vanish with economic success. Thus, if a nation is rich, something other than economic value must be present in its value system to sustain wealth generation. This non-economic “something” can be any value that will always be wanted such as salvation, survival, safety and prestige. However, although non-economic, the intrinsic values that are indispensable for sustained development must not be anti-economic. Instead, they must be simultaneously non-economic and pro-economic. “Being non-economic, they will not be exhausted by economic success; being pro-economic, they will unceasingly push forward the process of accumulation” (p 45). This suggests that economic values are inadequate to ensure economic development, and the values accepted or neglected by a nation fall within the cultural field. Thus, economic development is a cultural process.

Furthermore, as Lindsay (2000, 282-283) argues, economic progress depends on changing the way people think about wealth creation. This entails changing underlying attitudes, beliefs and assumptions informing decisions leaders make that result in poor economic performance. Culture shapes thoughts about risk, reward and opportunity and the way individuals conceive of progress. If this is the case, (given the decisive role of Tibetan Buddhism in Tibetan society) Tibetan Buddhism clearly impacts Tibetans' economic decision-making and market participation.

Cultural values do matter in the process of human progress and they particularly matter because they form the principles around which economic activity is organized. However, as Porter pointed out:

“Economic culture is sticky and hard to change, but perhaps not as sticky as is sometimes supposed. Especially those beliefs, attitudes and values that are unproductive can be changes if they are no longer reinforced by prevailing beliefs or by the contextual reality faced by citizens and companies. To be sure, there will be ignorance, suspicion and inertia before giving up what has been learned. However, the experience of the recent decade suggests that nations can modify economic culture rapidly under the right circumstances” (Porter, 2000, 25).

Furthermore, as Martinussen (1997, 173) writes: “the traditional or tradition-bound institutions and practices in the developing countries cannot be ignored. On the contrary, they have to be researched carefully, because they impact heavily upon how a modernization and development process will be shaped.” In sum, failure to recognize the cultural situation of a local area makes it impossible to make the market work for the population concerned.

2.3 Conditions of market participation

In tandem with classical modernization theories, Tibet is considered 'backward' and its values and ways of life are considered traditional. Therefore, China's modernization strategy

in Tibet is concerned primarily with how traditional and backward values, attitudes, practices and social structure can be altered and replaced with 'modern' ones. It was recognized that considerable differences exist in Tibetan areas and the rest of China that further reinforced the belief that Tibet is far more backward than other parts of China and thus more modernization effort is needed for Tibetans to catch up. Instead of having a different and locally based development strategy, the strategy in Tibet is similar to the rest of China but with more funding and people from other parts of China. As Martinussen (1997, 168) observed, according to classical modernization theory, the differences among developing countries were not assigned central importance in theory construction, for it was believed that all systems were expected to undergo a common process of change. In the process, traditions would be destroyed and replaced with institutions and structures similar to those found in modern societies.

International debate on modernization and state-building has moved towards an understanding that each characteristic of groups of societies have their particular initial conditions and are subject to specific influences. It has further emphasized the different prospects for growth and transformation in various categories of developing societies. Western institutions and state-building strategies cannot simply be transplanted to developing countries; different strategies must be applied since developing countries are so different. Additionally, it emphasized that the public administration must accept people as partners in the development process, not as a passive target group of intended beneficiaries (Martinussen 1997, 175).

For many years, development planning has been aimed predominantly at rather narrow economic conditions, i.e., limited to production, income and standard of living. Preconditions for production and growth in the wider sense have been excluded. It has also failed to adequately account for prevailing attitudes towards life and work and questions concerning political and cultural factors. As a result, development planning was detached from the socio-political settings and became an academic pursuit guided by unrealistic models leading to frustration among planners as it gradually became clear that many theories were faulty and insufficient. Consequently, it came to be accepted that development planning is a complex and multifaceted social process that must start with identification of needs, wishes and development possibilities. More importantly, since local people know best both their problems and the development possibilities available, their involvement in decision-making processes is crucial. This is also vital for their participation in development work (Martinussen 1997, 231). In other words, development should not only consider local conditions, but it is also important for local people to fully participate in the development process.

Furthermore, as the World Development Report 2005 emphasizes, a good investment climate plays a central role in growth and poverty reduction. Government policies and behavior are key in shaping the investment climate. These include a country's institutional and policy environment such as the rule of law, openness to trade, legal origins, financial sector, infrastructure and so on. In this context, government must take local conditions into

account when designing policy. “Failure to give sufficient weight to local conditions can leave important market failure unchecked or make matters worse” (World Bank, 2004, 53). Additionally, although careful assessment of policy design in conjunction with contextualizing local conditions is crucial, it is equally important to take equity considerations into the center of both diagnosis and policy. Equity is central both to having a better investment environment and to the agenda of empowerment (World Bank, 2005, 4).

Sadly, China’s economic development policy in Tibetan areas of China fails to take both Tibet’s conditions and equity considerations into account. It simply attempts replication of its economic development policies in inland China into Tibetan areas. This results in huge losses and local Tibetans’ need for market participation is largely ignored. For instance, in simply replicating the inland model of industrialization, the Central Government invested heavily in establishing a modern industrial sector in the TAR. However, since it failed to take into account such unfavorable natural conditions of the TAR as lack of energy, high transportation cost, a lack of skilled workers and so on, most modern factories in the TAR suffered significant losses from the day they began operations. More striking is the fact that many factories employed Han people rather than local Tibetans. Certain factories were even directly transferred from other more developed provinces with personnel and most needed materials coming from those provinces. Consequently, there was little need for skilled technicians from local areas—training for local people was ignored.

Tibetans do have cultural limitations in terms of market participation, however, instead of gradually opening up while strengthening Tibetan capacity for market participation, the government simply made it possible for non-Tibetans to run businesses in Tibetan areas as early as 1984—a time when strict limitations on cross-regional travel were in force across China. Later, the number of private businesses increased dramatically; most were owned by non-Tibetans. When the market becomes more competitive, Tibetans find it much more difficult to enter the market even though they have more experience under the new economic policy, because they are unable to compete with more experienced non-Tibetan immigrants. In sum, this represents failure to take Tibet’s local conditions into account, further marginalizing Tibetans in their modernization process.

Additionally, no matter what strategies may be appropriate, to pursue a people-oriented development—with people as both the means and the end—people’s participation in political, social, cultural and economic development processes is essential, and requires an enabling environment to encourage and develop people’s potential. In short, development should empower individuals and groups since people-oriented development must be woven around people, not people around development. As the Human Development Report 1993 argues, people should guide both the state and the market. The latter should work in tandem with people sufficiently empowered to exert a more effective influence over both. As the Human Development Report 1997 argues, empowering individuals, households and communities to gain greater control over their life and resources is key to eradicating poverty in the 21st century. Therefore, action is required to allow people to participate fully in the operations of markets and to share equitably in their benefits. Markets should serve people instead of

people serving markets for markets are only a means to achieve people's ends. If people do not participate in economics through the market, the only way they benefit from economic development is through tax or charity-funded services. Gibson, Scott and Ferrand (2004, 2) argue that such services are absolutely necessary but participation as welfare recipients is less likely to provide a basis for lasting development. There is evidence to show that countries that have been successful in poverty reduction tend to have done better at getting people into markets effectively rather than relying on redistribution through transfers.

Participation enables people to access a broad range of opportunities as individuals and as groups. Participation in political activities brings people's voices into decision making that impacts their lives, and requires a democratic government that gives people a much greater say in national and international life. In social and cultural terms, participation means being able to join fully in all forms of community life. It also helps people, particularly indigenous people, preserve and reassert their identity and culture. As a producer or consumer, participation in economic activities not only helps people to access and increase their choices, but it also helps people have an increased sense of self-respect, confidence and social dignity. All these demands increase the empowerment of people but require an enabling environment to encourage participation, which government and markets often fail to provide, thus excluding the poor, minorities, indigenous people, rural dwellers and women. According to the Human Development Report of 1993, the poorest people find that their very poverty is a formidable barrier to entering many aspects of social, economic and political life. For example, the poorest 20% of the people receive only 8.8% of national income in Indonesia, while in Sri Lanka it is 4.8%. As mentioned, the gap between the poor and the rich is widening in China as well. Furthermore, minorities and indigenous people often find it difficult to participate effectively in societies that usually operate in favor of the dominant groups, even when such discrimination is not directly caused by government policy. According to the Human Development Report 1993, if the US were divided into two countries, one with only the white population and another with only blacks, the former would be in the first place in the human development index, but the latter would rank 31st. A similar example is found in Tibetan society. People in rural areas and women often have restricted participation in economic, political and social life in developing countries; this is particularly true for women as the world's largest excluded group, not only in developing countries but also in many industrialized ones. The female human development index is only around 80% that of males in industrial countries; the situation is much worse in developing countries.

The reasons to restrict people, particularly the poor from effective participation in the market are complex and difficult to assess. As the Human Development Report 1993 noted, only about 10% of the world's people participate fully in political, economic, social and cultural life and, for the majority, genuine participation requires a long, persistent struggle. Driven by greed, powerful interests block the routes to political and economic power by creating such obstacles as legal systems, bureaucratic constraints, social norms and misdistribution of assets. Additionally, failure to locally contextualize policy is important. As Gibson, Scott and Ferrand (2004, 8) point out, formal institutions are embedded within a

wider framework of informal institutions and culture and power structures; economic development must be driven and owned by countries and people in those countries. In other words, failure to recognize the real situation of a local area makes it impossible to make the market work for the target population. Therefore, proposed pro-poor changes must be based on an understanding of the political economy of the countries or the local areas, especially the incentives of different groups in the development processes. In addition, it is also important to recognize other constraints to development that hinder businesses and their ability to respond to such macro signals as weak business practices, networks, sources of information, infrastructure and levels of skill and knowledge.

Economists who stress the importance of institutions commonly focus on the enforcement of property rights, contracts and limited liability for investors in companies. Unfortunately, institutions require much time to develop, and generally cannot be transplanted wholesale from other societies where they may work well. Rather, the institutions work much more effectively if they are developed locally (Baumol et al., 2007, 40), reinforcing the importance of a localized development approach that embraces local people's market participation needs.

People's skills and knowledge directly affect their ability to participate in the market. As the World Development Report 2005 (World Bank, 2004, 138) states: "Even among self-employed farmers in low-income countries, having at least primary education enables them to use more efficient production techniques." By fostering the right mindset and providing relevant business skills, education contributes to encouraging entrepreneurship, promoting people's market participation. Additionally, although education is a great equalizer of opportunities between rich and poor, it is only possible if children from different backgrounds have equal rights and opportunities to benefit from quality education (World Bank, 2005, 135). Given the reality of Tibetans' cultural limitation in market participation, a quality education, particularly business and vocational education, is vital to promote greater participation in the market. Unfortunately, Tibetan education is the worst example in China, vocational and business education are the least developed in Tibetan areas of China and many Tibetan prefectures have virtually no effective vocational training school. This dire picture of education partially explains why Tibetans are unable to effectively participate in the market.

The traditional discourse on markets focuses more on their efficiency than on their equity. Competition in markets means that businesses are continually pressured to improve their efficiency and, as discussed, markets often fail to deliver people's real needs. Because markets should only be a means towards people-oriented development, it is crucial to make markets more people-friendly. The strategies to do so rest on an understanding of how markets work within a particular society. As Elliott and Gibson (2004, 25-28) suggest, the first step must clearly delineate the market with respect to production, commodities, products, business services and geographic area. The second step is to understand the market in relation to market trends—the wider influences on and prospects for the market and the existing participation of the poor or target population—either as producers or consumers. The position of the target communities must be put in the context of the overall market, the key players and their functions, and the underlying systemic constraints that impinge upon market

development. Finally, a picture must be developed of how a market can work more effectively in the future in relation to a strategic picture of functions and players, and an operational picture of how roles are performed.

More importantly, in order to make markets more people-friendly, certain preconditions are essential. Some have already been mentioned such as property rights, the rule of law, infrastructure and access to services. However, in order to be systemic, it is worthwhile to present preconditions as described in the Human Development Report 1993:

- Adequate investment in the education, health and skills of people to prepare them for the market
- An equitable distribution of assets, particularly land, in poor agrarian societies
- Extension of credit to the poor
- Access to information, particularly about the range of market opportunities
- Adequate physical infrastructure, especially roads, electricity and telecommunications and adequate support for R&D
- A legal framework to protect property rights
- No barriers to entry, irrespective of race, religion, sex and ethnic origin
- A liberal trade regime, supported by the dismantling of international trade barriers (1993, 31)

Beside these preconditions, the 1993 Human Development Report lists accompanying conditions, corrective actions and social safety measures as important aspects of a people-friendly market. The accompanying conditions are a stable macroeconomic environment, a comprehensive incentive system and freedom from arbitrary government controls and regulation. Corrective actions are protection of competition, consumers, workers, the environment and such special groups as women, children and ethnic minorities. The measures for social safety are adequate arrangements to look after temporary victims of market forces to bring them back into the market through human investment, worker retraining and access to credit opportunities.

In order to understand the exact nature of the difficulties encountered by Tibetan communities, particularly the reasons why Tibetans are unable to participate effectively in the market, all the issues listed above must be remembered. It is also important to recall that China is changing from a planned economy to a market-led economy. This process of transformation is very slow in Western region of China, especially in Tibetan areas.

In particular, a good transportation and communication infrastructure is crucial for market participation. Socioeconomic development is closely tied to the growth of transport and communications, without which the commodity economy cannot flourish. More importantly, poor transportation not only greatly restricts the flow and turnover of freight, and inevitably poses a serious obstacle to the growth of the economy. It also restricts access to potential opportunity. Communication is also critical in economic development; poor transportation blocks information flow to some extent, acting as an obstacle to economic development. This situation also acts as an obstacle to development of the social context, impeding the reduction of isolation, ignorance, conservatism and contentment with the past. As a consequence,

people's capacity for building extensive knowledge and developing new experiences is limited, as is their development towards openness to change and their acceptance of new things and ideas. This is particularly poignant in the case of Tibetan areas where a persistent obstruction to transportation and communication is created by the mountain landscapes and extreme climate. Therefore, it is essential to study the development of transportation and communication infrastructure in Tibetan areas to see how it affects Tibetan participation in the market.

It is important to bear in mind that non-Tibetans are doing far better within the same transportation and communication infrastructure, thus these factors cannot be considered in isolation. In addition, transportation and communication infrastructure have improved since China's open policy in 1978, which is a major reason why non-Tibetans have flowed into Tibetan areas since that time. Although poor transportation is a major historical obstacle for Tibetan market participation, it can hardly be the only factor used to explain Tibetans' lack of effective participation in the market in the face of many who have been enabled by the new economic policy.

Beyond the general picture of the widening disparity between western and eastern China, the key problem particular to the poor economic development of Tibetan areas seems to be the generally poor stage of development of the private sector in Tibetan communities. Certain basic reasons behind this situation are obvious: the low overall level of education, the lack of start-up capital, undeveloped social infrastructure and the lack of experience in the application of the principles of a market economy. To some extent, the reasons are culturally conditioned. This is particularly obvious when we compare ethnic Tibetans with such other ethnic groups living in the western parts of China, as Han Chinese and Hui Muslims. Both Han Chinese and Hui Muslims have been much more successful in adapting to the economic reforms of China than have Tibetans. Therefore, besides seeking these possible market-related reasons for the poor performance of the Tibetan community, it is also important to explore other possible aspects of Tibetans' poor economic development.

2.4 Characteristics and success elements of small businesses

Since implementation of China's open policy, the private sector has demonstrated huge growth and a robust potential for development. In many economically successful provinces and regions, the private sector is the engine of economic development. Chinese economists often comment that to some extent, development of the private sector is an indicator of economic development performance, and that the reason for the successful economy of such eastern provinces as Jiangsu and Zhejiang lies in their successful private sector development. These economists also cite significant development of the private sector in Tibetan areas of China, albeit proceeding with very slow and difficult steps. One characteristic is that small businesses compose the major part of the private sector in Tibetan areas of China. In addition, as already mentioned, though the Tibetan population is usually in the majority in most Tibetan areas of China, such as the Tibetan autonomous regions, prefectures and counties,

Tibetan-owned businesses are estimated at only about 20% of the total. This figure alone testifies to the difficulties faced by the Tibetan community, even though there are many other challenges such as serious competition in seeking employment. Nevertheless, with further implementation of the Western Region Development Program, the private sector is also the most vigorous sector engendering many business and employment opportunities. Consequently, Tibetan owned businesses experience both challenges and opportunities. To better understand these and related issues, I ask: How do Tibetans participate in the market? What difficulties do they face? What opportunities may exist? Why are Tibetans unable to effectively participate in the market mainly through small business activities? These questions and others will be explored. More importantly, to better understand why only a limited number of Tibetans are involved in small business activities, we must study the characteristics and success elements of small business in addition to conditions for a people-friendly market.

In reviewing the small business-related literature, Forsman (2005,27) summarized the major characteristics of SMEs as being connected to simple organizational structure; the prime role played by the owner-manager as a driving force; based on the local market; small scale, personalized management with little devolution of authority; a fire-fighting mentality; implicit strategy and little planning and control. In addition, SME resources are limited in terms of management and manpower, as well as finance.

SMEs have high innovatory potential. Klapper (2003, 5) observes that SMEs offer a flexible approach to developing innovative product lines by entering niche markets to meet emerging demand. They are innovators in regional economies, adding products and services that large companies may not find it profitable to explore. They are highly responsive to market development, and able to quickly respond to varying customer requests. In addition, with their centralized decision-making, organic organization and relatively non-specialized production factors, SMEs are able to change quickly (Julien 1993, cited in Forsman 2005, 161).

Given the reality that the owner-manager is the driving force of SMEs, attempts have been made to explain business success or failure in terms of the entrepreneur's personality traits. According to Forsman (2005, 32), researchers have argued that success is driven by entrepreneurial orientation, and the concept of entrepreneurial orientation consists of autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness. Autonomy is defined as an independent action by an individual or a team aimed at creating a business concept or a vision, and carrying it through to completion. Innovativeness refers to the willingness to support creativity and experimentation. Risk taking suggests a tendency to take bold action such as venturing into unknown new markets. Pro-activeness is an opportunity-seeking and forward-looking perspective. The fifth dimension, competitive aggressiveness, reflects the intensity of a firm's efforts to outperform industry rivals.

In his classic analysis of economic development, Joseph Schumpeter pointed out that entrepreneurship is an important source of economic growth, and outlines a theory centered about the idea of entrepreneurship. He writes that entrepreneurship as innovation can be

defined as the making of a 'new combination' of already existing materials and forces. No one is an entrepreneur forever, only when one is actually doing the innovative activity. An entrepreneur is not necessarily a single individual, but can equally well be an organization. Schumpeter (2000, 53) emphasizes: "The slow and continuous increase in time of the national supply of productive means and of savings is obviously an important factor in explaining the course of economic history through the centuries, but it is completely overshadowed by the fact that development consists primarily in employing existing resources in a different way, in doing new things with them, irrespective of whether those resources increase or not." Furthermore, he describes innovation as the most important source of gain and indirectly produces through the process it sets in motion. The bulk of private fortune is the result of the process of which innovation is the prime mover (Schumpeter, 1939, 106).

Additionally, Schumpeter pointed out that entrepreneurs tend to be self-centered because others rely on tradition and connections. An entrepreneur's characteristic task is breaking through routine and tradition and creating new ones. This applies primarily to entrepreneurs' economic actions, but also applies to the moral, cultural and social consequences of their actions. Schumpeter gave three motivations for the entrepreneur. The first is a dream and the will to create a private kingdom. The second is the will to conquer—to prove one's self superior to others, to succeed, not of the fruit of success, but of success itself. The third is the joy of creating and getting things done (Schumpeter, 2000, 70).

According to Sweeney (1997, 126), entrepreneurs are the essential catalysts in introducing innovation, creating competition, applying new technology to new end uses, ensuring flexibility in meeting new market demands, and in generating prosperity in their local economies. In addition, as de Koning and Brown (2001, 3) pointed out, high performing and entrepreneurial-oriented firms are successful in exploiting business opportunities. Before opportunities can be exploited, it is critical to recognize potential opportunities. The entrepreneurial orientation is positively associated with opportunity alertness. People recognize opportunities related to information and knowledge they already possess. Entrepreneurs can and do discover opportunities through recognition rather than through searching (Shane 2000, cited in Forsman 2005, 465).

According to Dallago (1997, 106), entrepreneurship needs skills, knowledge, openness and tact. If these characteristics are concentrated in a very limited group of people, reallocation of entrepreneurship will be inadequate. Instead, there may be a need to foster entrepreneurship, not only to reallocate it for production goals. By interpreting processes and data about entrepreneurship in transition countries, Dallago sketched three operative principles on which policy measures should be based in order to promote productive outcome:

1. Putting high value of the system of competition, commitment and reputation, and clear and enforceable property rights, for these are the most important devices to decrease costs of control and enforcement. These factors can be introduced through privatization based on clear, stable rules aimed at separating enterprises from political power.

2. Change the institutional framework to favor allocation of entrepreneurship to productive uses and decrease other transaction costs such as heavy bureaucratic requirements, complex and costly business plans, costly information and high collateral requirement for credit.
3. Promote production of entrepreneurship to defeat the consequences of decades of a passive, bureaucratic attitude. The main components of such efforts are specific education to promote entrepreneurship, the supply of special credit and limited tax exemption for starting entrepreneurs and supply of business services.

Similarly, by studying the role of SMEs in the economic transformation of the countries of Central Europe, Scase (2000, 9-12) identified three groups of people who have the potential for setting up business ventures following the collapse of the state socialist regimes of Central Europe. The first category includes those working in service occupations in the hotel, catering and retail sectors, because they often acquired business skills under the old regimes in their work situations that provided opportunity for them to handle cash within the context of face-to-face relations with customers. In the transition from a planned economy to a market economy, such people are able to exploit their business skills in an often explicit, legitimate manner. Secondly, former state bureaucrats who occupied positions that enabled them to develop personal networks both at home and abroad then utilized these personal networks for trading purposes through emerging market opportunities after the collapse of the old regimes. Lastly, those who have an entrepreneurial family background or who acquired skills through trading within the informal economies of the earlier state socialist regimes had advantages they brought to bear in establishing their own businesses. It is not surprising to observe a similar situation in many parts of China with its transformation from a planned economy to a market economy.

Rosa (1993, 36) argues that people with self-employed parents are more likely to become self-employed than those with parents in employment and cites Goldthorpe's (1987) social mobility study based on 1972 British data. He reports that the level of self-employed with self-employed fathers is three times that expected by chance. Watkins and Watkins (1984, 1986) state that in their sample of women entrepreneurs, 37% had a father and 16% had a mother in self-employment or business ownership. Family background alone is not the sole generator of entrepreneurship because many graduates with no member of their family reported as self-employed also show entrepreneurial activity and attitudes. However, graduates with a family business background are significantly more entrepreneurial than those from employee backgrounds. In addition, Rosa (1993, 51) notes that if family members who previously were or presently are self-employed are included, the wider family exerts a detectable influence on entrepreneurial attitudes.

According to Cromie (1987, 25), enterprise founding is an iterative process with constant movements into and out of entrepreneurship in which attempts are repeatedly made and the experiences learned from. In the empirical study conducted by Ritchie et al., nearly two-thirds of their sample claimed previous experience of starting or running a business, or else they were self-employed. In addition, a good general level of education is important in the

eventual success of business ventures. In particular, graduates especially in applied subjects are more successful. The nature of education is a factor distinguishing the craftsman type entrepreneur from the opportunist (Cromie 1987, 28).

Tibetan society seems unresponsive to these success characteristics of small businesses as mentioned above. Given Tibetan Buddhists' emphasis on karma and the belief that living beings experience suffering because of their previous negative actions (actions motivated by afflicted desires), people tend to restrict their desire and be satisfied. As Schumscher (1973, 48) points out, unlike modern economics that considers consumption to be the sole end and purpose of all economic activities, Buddhist economics is the systematic study of how to attain given ends with minimum means. Therefore, ownership and consumption of goods is only a means to an end. Particularly, actions leading toward spiritual development are primary determinants; maximization of personal material gain is not a priority for Buddhists. If it is important to be innovative, pro-active, competitive, aggressive and risk taking, they should lead to spiritual advancement, not merely material gain.

Additionally, because of Tibetan Buddhism's important role in traditional Tibetan society, the political and economic system in traditional society created a monastery-centered and primarily agricultural and animal-husbandry-based economy, unfavorable to the development of a market economy. Trade played a vital role in satisfying Tibetan needs by circulating relevant domestic goods and bringing in foreign goods. However, it did not contribute to the formation of a distinct mercantile class. Trade was often in the hands of non-Tibetans. Therefore, most Tibetans have little or no business experience. More importantly, as mentioned earlier, education, particularly vocational education and business training function very poorly and do not contribute to encouraging entrepreneurship in Tibetan society.

However, according to Forsman (2005, 33-34), some researchers have criticized small business research for trying to establish a direct relationship between the personal characteristics of entrepreneurs and the success or failure of their firms. They argue that it is difficult or insufficient to determine the outcomes of a firm based solely on the characteristics of the owner-manager; they are in interaction with contingency factors in the context of the firm and the strategies pursued. It is also necessary to recognize the team with which the entrepreneur works. Both external and internal factors influence a firm's performance. In addition, as Story (2000, 122-154) shows, small business growth is driven by the interaction of three key groups of variables:

1. The caliber of the owner-manager and the entrepreneurial resources: motivation, education, management expertise, skills, age and family history
2. Business profile: age, size, sector (high-tech/low-tech, export intensity), legal form and ownership regime
3. Strategic planning: market positioning, research and development, exporting, external financing, human resource management and development, succession planning and so on (Forsman 2005, 36)

Small businesses are a local resource and are dependent, as Sweeney (1997, 156) pointed out, for entrepreneurship is not an outcome based solely on individual endeavor. Rather, it is a continuing process of inter-action between various actors. Creating an entrepreneurial culture is not merely encouraging individuals to be enterprising. Instead, it entails embedding entrepreneurship in the social context of a particular area within a context that ensures community members are facilitated to establish themselves and be successful. This facilitating institutional infrastructure joins together each element of local society in consensual and cohesive action, thereby creating a conducive environment. In addition, human resources are key to a more innovative and competitive entrepreneurial and SME sector. Sweeney (1997, 161) argues that there is undoubtedly a strong correlation in the European Union between a strong manufacturing sector, local and regional prosperity and the quality and pervasiveness of vocational training at the craft and professional levels. Skills in making and doing things are fundamental to economic development and to the use of new technologies and further employment creation.

More specifically, evidence shows that access to business service is a vitally important dimension for a profitable business environment. As Johnson (1993, 92) concludes in his study, the most rapidly growing SMEs are those whose owner-managers sought assistance prior to start-up or in the early stages of operation. Development has to be rooted where people are, and SMEs are based in local communities. However, SMEs have a range of different needs that are critical to their survival and growth, such as enhancement of productivity, reduction of fixed costs, improvements in administration, acclimation and access to new technologies. Given companies' limited resources, they cannot focus on everything, but rather on their core area of competence, sticking to what they know best.

China has been transitioning from a planned-economy to a market-let economy. This process of transformation is very slow in Tibetan areas of China and the investment climate in Tibetan areas of China is not sound. Business development services do not function effectively or even exist in many Tibetan areas. Instead, the planned economic system is still strong in Tibetan areas. Therefore, a conducive environment encouraging entrepreneurship is absent. Tibetans even have difficulty accessing the limited information and services available because of the language barrier.

Gradually, development organizations have increasingly begun to understand the importance of providing business services to SMEs, given their common goal of poverty reduction, and belief that a solution to poverty reduction is a focus in a market-friendly approach. As Bear, Gibson and Hitchins (2004, 3) point out, the essential logic for business development service (BDS) is to achieve poverty reduction through BDS market development in order to enhance the performance of SME (Figure 2.1)

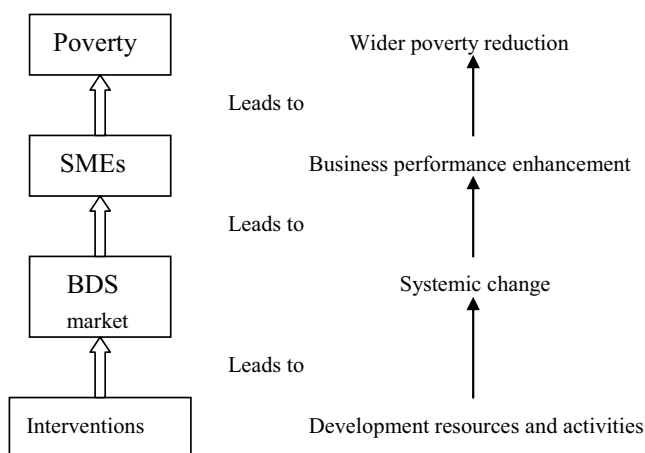
Driven by the rising significance of knowledge and information in determining competitiveness, business services have become key sectors in most economies. For example, as Hitchins (2002, 2) observes, business services in the EU have grown at around 5.5% per annum in contrast to overall economic growth of approximately 0.4%. However, like any development intervention, BDS market development concerns addressing the causes rather

than the symptoms of underdevelopment. As Bear, Gibson and Hitchins (2004, 3) pointed out: “in conventional SME development interventions, projects ask ‘what problems do businesses have and how can I help to solve these?’; whereas a market development perspective asks ‘what problems do businesses have and why isn’t the market environment providing solutions to these?... BDS market development therefore is about systemic change.”

Moreover, the business environment becomes more competitive and demanding with rapid spread of new technologies and emerging markets. The minimum requirement to run a business demands management skills, connectivity and technology. The requirements for such are ever increasing, demanding companies to invest more for their effective operation. There is also a need for public support, particularly for those lacking the capacity to participate in the market. As Altenburg and Drachenfel put it

“Micro-entrepreneurs may, for instance, lack information, technical skills, managerial competence, entrepreneurial spirit, and capital; not all societies value individual entrepreneurship, and entrepreneurs may not have a strong will to accumulate capital; ...only a small number of micro-entrepreneurs have enjoyed full secondary education, and most live in a social milieu which do not provide much exposure to innovative business idea. To graduate out of informality is thus a slow and difficult process of cultural change” (Altenburg and Drachenfel, 2006, 406).

Figure 2.1: Flow of logic in BDS market development (Bear, Gibson and Hitchins, 2004).



What should be proposed to the leaders of a developing country who want growth? Professor Baumol and others (2007, 133) observed that lessons from experiences are not entirely clear, but an indispensable ingredient of success was entrepreneurship and a conducive environment that encouraged its activities, provided security and incentives, and minimized obstacles to its development.

Government plays a vital role in creating a favorable environment encouraging market participation. Competitive markets are critical for effectively organizing production and distribution of goods and service. Markets cannot, however, operate in a vacuum. They require a regulatory framework that only government can provide. As the World Development Report 2005 (2004, 56) writes: "Government policies and behaviors shaping the investment climate play out over a broad domain, from contract enforcement, business regulation, and taxation-to finance, electricity supply, and labor markets." Markets sometime prove inadequate or fail altogether, which is why government must invest in infrastructure and provide essential service to the poor. For government, "The key is to strike a better balance between market failures and government failures, and to ensure a good fit with local conditions" (World Bank, 2004, 96). People need to access information and relevant skills and knowledge to effectively participate in the market. Government can play a vital role in infrastructure building and invest in people, thereby promoting market participation.

In China's transition from a planned economy to a market-led economy, the government played a very important role in economic change and growth. The private sector only began to reappear in China starting with the open policy in late 1978. Afterwards, it has become the most vigorous engine for China's economic growth. For example, from 1989-2003, the number of private enterprises increased 33 times; average annual growth was 27.6%; and in 2005, there were about 1.98 million private enterprises, compared to 2001 (an increase of 49.7%; Ceng Xiangdong 2006, 14). According to Cheng Naixing and Fu Xianzhi (2005, 79), the private sector's contribution to GDP was 1% in 1979, but increased to more than 20% in 2001. In addition, as Ceng Xiangdong (2006, 17-18) observed, the private sector only accounted for 0.49% of the total industrial production in 1980, but accounted for 33.35% in 1998. This was the first time that it exceeded state-owned enterprises, which accounted for 28.4%. In 2005, the private sector accounted for about 65% of the total GDP.

The private sector's contribution to employment is significant. According to Ceng Xiangdong (2006, 20), the private sector provided employment that increased from 65% of total employment in cities to 75% from 2000 to 2005. Because of the reform of state-owned enterprises, many people were laid-off, but the private sector helped them become re-employed. For example, between 1997 and 1999, 27 million people were laid off, and 22 million people were re-employed; 95% of them obtained jobs in the private sector (Ceng Xiangdong, 2006, 21).

The private sector's contribution to the local economy is even more significant in such developed areas as Guangdong, Zhejiang and Jiangsu provinces. For example, in Wenzhou, Zhejiang Province, the private sector accounted for 85% of the total GDP in 2002 (Ceng Xiangdong, 2006, 21). In addition, as Cheng Naixing and Fu Xianzhi (2005, 81) pointed out,

social problems are easier to solve in areas with better development of the private sector. They concluded that there is a positive relation between GDP growth and the private sector, for the greater the private sector development, the greater GDP is. However, a huge difference exists between east and west in terms of private sector development. For example in 2000, private sector contribution to GDP was 51.99% in the east, but only 18.36% in the west. In 2002, the five provinces and city with top GDP—Guangdong, Jiangsu, Shandong, Zhejiang and Shanghai, accounted for about 60% of the total number of private enterprises of China.

Most models of private enterprise success originated from the east and coastal areas of China, e.g., the Sunan, Wenzhou, Guangdong and Zhongguancun models. However, because of their different political and social backgrounds, reasons for their success vary. Nevertheless, a shared reason for success is that all these models utilize available local resources that are developed according to local realities. For example, the Sunan model began using rich local experience of community enterprises during the time of China's planned economic system. The Wenzhou model was built on the advantage of Wenzhou people's strong entrepreneurship. The Guangdong model utilized its convenient location near Hong Kong, and the Zhongguancun model is based on its advantage of having many universities and research institutes, thereby focusing on technology oriented industry.

Direct and indirect government involvement is another key factor promoting success of these models. Particularly, beside the Wenzhou model, government played an important role in supporting their development during their inception. For example, policy support and an ideal location created the success of the Guangdong model. In 1980, China decided to set up Shenzhen, Zhuhai and Shantou (later Xiamen was added) as special economic zones. With preferential economic development policies, Shenzhen became the window to and experiment for China's Open Policy. With well-developed Hong Kong as a neighbor, "Shenzhen Speed" demonstrated the miracle of high speed economic development. Shenzhen's success promoted economic growth in such other areas of Guangdong as Guangzhou, Zhuhai, Foshan, Dongguan, Jiangmen and Zhongshan. In addition, beside convenient transportation, many overseas Chinese and Hong Kong and Macao residents originate from Guangdong and this fact helped attract foreign capital. Additionally, government support and encouragement promoted the development of the Guangdong model. As mentioned, by establishing a special economic region and issuing many preferential economic development policies, government played a key role in promoting the Guangdong model. With further economic reform, government focused on developing necessary infrastructure such as transportation, information and education thereby creating a better economic development environment, with less direct intervention in enterprise development.

In sum, creating an enabling environment is the most important condition for enterprise development because it helps people to effectively participate. As Xiejian (2002) points out, Wenzhou people's full participation in the market helps them succeed in economic development. Furthermore, an enabling environment encourages overcoming difficulties, risk taking and innovation. As China further reforms and develops, innovation becomes more

important for private sector success and competitiveness. Government plays a vital role in promoting such an enabling environment which, in turn, encourages local people's market participation. However, China's economic development policy in Tibetan areas largely ignore local conditions and thus fails in application of rich experience in order to gradually open up while strengthening local people's capacity for a more competitive market.

The theories reviewed above emphasize the importance of market participation through small business activities, which is significant to the individuals themselves by allowing them to increase a sense of self-esteem, enhance their personal abilities and encourage entrepreneurship. This is also meaningful for the larger society because local people's market participation contributes to both economic change and to cultural and environmental protection. Most significantly here, these theories provide conceptual tools for organizing, interpreting and evaluating my research and research findings.

Chapter 3 Culture and market participation

As has been discussed, the causes that obstruct people, particularly the poor, from effective market participation are complex. To understand why Tibetans are unable to participate effectively in the market and, in particular, to better appreciate why only a limited number of Tibetans are able to successfully run their own businesses, one should first and foremost focus on Tibetan culture, society, social practices and norms. Particular attention should be paid to how historical social economic practice and culture affect people's attitude towards business.

Max Weber's positioning the cultural origins of capitalism in the Protestant ethic demonstrates the importance of culture in social and economic development. As David Landes (2000, 2) emphasizes: "if we learn anything from the history of economic development, it is that culture makes all the difference." Similarly, many scholars such as Lawrence Harrison and Samuel Huntington argue that cultural traditions remarkably shape the political and economic behavior of their societies.

According to Lipset (2000, 111), by applying the general Weberian approach to contemporary underdeveloped countries, it is clear that these countries lack the economic prerequisites for growth, but many of them also preserve values that foster behavior antithetical to the systematic accumulation of capital. For example, the relative failure of Latin American countries to develop on a scale comparable to those of North America has been attributed to the different value systems. As the overseas offspring of Great Britain, North America had the advantage of values derived from the Protestant ethic and from the formation of "New Societies". However, Latin America is Catholic and has been dominated for centuries by a ruling class thereby creating a social structure more congruent with ascriptive social values. Lipset concludes that comparatively, Latin Americas' orientation to entrepreneurial behavior differs from North America in such aspects as rigorous economically directed effort to family interests and placing social and personal emotional interests ahead of business obligations. These different values and attitudes toward entrepreneurship reflect different social and cultural backgrounds.

Additionally, Lipset (2000, 119-122) observed that in many Latin American countries, minority groups, particularly recent immigrants, have formed a considerable section of the emerging business elite. For example, among 286 "prestigious" entrepreneurs, taken from the Argentine *Who's Who*, 45.5% were foreign born. Among the 32 outstanding business leaders in Mexico, 14 reported a foreign paternal grandfather. North America presents a different picture. During its take off into industrial development in 1870, 86% of business leaders of the United States came from "colonial families" who settled in the country before 1777. More than 98% of the post-Civil war business elite were Protestant. The proportions of non-Protestant and foreign-born parentage have increased over the years, but they remained considerably lower than their proportion in the population as a whole. Lipset emphasized:

“The varying origins of the business elites of the American nations clearly indicate that “out” groups, such as ethnic-religious minorities, are given the opportunity to innovate economically when the values of the dominant culture are antithetical to such activities. Thus, the comparative evidence from the various nations of the Americas sustains the generalization that cultural values are among the major forces which affect the potentiality for economic development” (Lipset, 2000, 122).

Singapore provides another example. Chang's (2003) detailed study of Singapore's transformation from a third-world city-state to a respectable industrialized country within three decades, argues that both the Weberian and pro-Confucian perspectives are relevant in understanding important aspects of Singapore's economic achievement. By doing so, Chang treats the Singapore government as a dynamic group capable of reconstructing values against the background of a unique cultural milieu, and then using them to regulate its own behavior in guiding the country's industrialization.

“To accomplish the reconstruction the Singapore government has selectively used and modified resources from both Oriental and Western cultures....The most fundamental values of the Singapore government that are related to economic development consist of seven components, namely neo-social Darwinism, connectionism, Golden-Means-seeking rationalism, pragmatism, communitarianism, conservative liberalism, and elitism. They are all philosophical values. These values generate as well as regulate a variety of more specific values” (Chang, 2003, 87-88).

Chang concludes that the Singapore government played a crucial role in its economic transformation by reconstructing a set of state values. To a certain extent, Singapore's economic achievements are based on and promoted by these state values therefore, these state values may be perceived as Singapore's “Cultural capital.”

The cultural impact on economic development is profound. Cultural factors cannot be ignored in trying to understand the economic situation and practice of a country or region; they must be researched carefully. Most importantly, failure to recognize the local cultural situation makes it impossible for the market to work for the population concerned. Buddhism strongly influences Tibetan culture. In order to understand Tibetan participation in the market, it is important to first understand how the Tibetan cultural understanding of Buddhist theory affects the attitudes of Tibetan people towards business and their material lifestyle. Particular attention should be paid to how historical socio-economic practices and cultural traditions affect Tibetans' attitude towards involvement in business activities.

In addition, given the reality that the owner-manager is the driving force of SMEs, the owner-manager's know-how and expertise play essential roles. The entrepreneur's personality traits and family background often play an important role in running a business. In particular, within the Tibetan macro-environment, many non-Tibetans are successful in business development. Tibetans, on the contrary, have been unable to effectively participate

in the market, emphasizing the importance of exploring the social and cultural dimensions for this lack of participation. Specifically, major economic activities in traditional Tibetan society should be reviewed in order to better understand the political and economic system in traditional Tibetan society and its impact on market participation.

Given the reality that Tibetan society is intensely religious, cultural values and in particular, religious values play a critical role in its economic development process. Therefore, this chapter first explores the basic theory of Tibetan Buddhism and how it shapes attitudes and beliefs in daily practice. Furthermore, as Porter (2000, 23) points out, economic aspects of culture appear to be heavily derived from the past and present microeconomic context. The way people behave in a society has much to do with the signals and incentives that are created in the economic system in which they live. History places a strong imprint on economic culture. Accordingly, this chapter will also investigate the major historical, social and economic activities experienced by Tibetans.

3.1 Religion in Tibetan life

Buddhism, in its various transformations and manifestations extending over a thousand years, is an integral part of Tibetan life. Powers (1995, 17) observes that it is difficult to classify activities closely woven into the tapestry of daily life as purely religious or secular. This well describes Tibetan society; Buddhism is the very lifeblood of Tibetans and strongly impacts their daily lives. To better understand the attitudes, values and beliefs of Tibetans, I now examine Buddhist theory without summarizing the rich philosophy of Tibetan Buddhism but rather, focusing on people's daily practice of Buddhism, and present certain aspects of the very basic theory of Tibetan Buddhism pervading Tibetan society.

3.1.1 Basic theory of Tibetan Buddhism

According to Tibetan Buddhism, Buddha means 'the awakened one'—the one who is awakened from the sleep of ignorance and who has transcended suffering. He has attained the highest level of enlightenment. Buddhas are enlightened living beings. There are numerous beings who have attained the state of Buddhahood with the same level of awareness. All living beings have the capacity for enlightenment and, except for wisdom, there is no fundamental difference between a Buddha and other living beings. Enlightenment is gained through personal effort with each person deciding their own fate. Enlightenment cannot be gained through the intervention of another being. Buddha only functions as an initiation teacher; everything relies on the individual's own efforts. Ordinary living beings live in ignorance and suffering and are enmeshed in a continual round of birth, death and rebirth. Buddha, by virtue of his deep compassion for others, remains in the world in order to share his insight with others and help ordinary living beings discover truth for themselves (Duoshi, 2003, 82-83).

Tibetan Buddhism holds that one's present life is only one in a perpetual round of rebirth, and each successive birth is conditioned and determined by one's actions in previous lives.

These actions are called 'karma'. These actions may be good, bad or neutral, and are the causes of future effects, which are the direct results of good, bad or neutral karma. As long as one remains within the cycle of rebirth, one performs actions, thereby inevitably producing concordant results, the karmas that are continually being made. Without recognizing the nature of karma and rebirth, one continues helplessly in this cyclical existence (Powers, 1995, 55). Ordinary living beings tend to act selfishly and often think of short-term personal gains rather than considering the future consequence of actions, so that their deeds create the causes of future suffering for themselves, which continues in a vicious cycle.

However, it is possible to break out of this vicious cycle, which is driven by ignorance. The key is to overcome ignorance by developing insight into the nature of reality. As Powers (1995, 56) points out: "successful development of insight allows one to transcend the influence of karma, to end the ignorant engagement in actions that bind one to continued transmigration, and eventually to end the cycle altogether."

This cyclical existence is strongly associated with suffering, which not only refers to physical pain, but also to emotional sorrow, discomfort and dissatisfaction. Tibetan Buddhism teaches that it is important to realize that these things are inevitably found in the lives of ordinary living beings. Although joy exists in human life, it inevitably ends, and is replaced by loss and unhappiness. It cannot be permanent for those enmeshed in cyclical existence.

In terms of the causes of suffering, Tibetan Buddhism holds that living beings experience suffering because of their previous negative actions—actions motivated by afflicted desires. These desires force people to engage in negative actions that finally rebound, leading to the perpetuation of this vicious cycle. It is thus crucial to realize that we are enmeshed in various factors of cause and effect that lead from one state of suffering to another. The way to overcome suffering is to eliminate afflicted desires. Powers (1995, 58) noted that desire is divided into three types: desire for pleasure, desire for continued existence and desire for non-existence. The first is the result of contact with sense objects that one finds pleasurable. The second type is the common wish to live forever. The third desire arises from the belief that everything ends in death and since death is inevitable, it is wrong to find happiness in the present life. Tibetan Buddhism posits that all three types of desire are mistaken and must be overcome in order to find lasting joy.

Since suffering depends on causes, if one removes the causes, suffering disappears. Since the root of suffering is desire based on ignorance, the primary concern of the Buddhist path is overcoming this basic cause of all cyclic existence. According to Powers (1995, 59), the path is commonly referred to as the 'noble eightfold path' that consists of "(1) correct view, (2) correct intention, (3) correct speech, (4) correct action, (5) correct livelihood, (6) correct effort, (7) correct mindfulness, and (8) correct meditative absorption". It is further divided into three groups (called the three trainings for each represents a particular aspect of the training program of the path). The first two parts of the eightfold path are grouped under the heading of 'wisdom' because they entail a basic cognitive reorientation as initial prerequisite for the path. The next three are classed as 'ethics' because, collectively, they are concerned

with training in moral actions and attitudes. Morality is an important prerequisite to pursue the Buddhist path because good morality makes a person calm and self-assured. The last three are grouped under the heading of ‘meditative absorption’, since they are focused on developing concentration.

Ordinary living beings are ignorant, caught up in transitory pleasures and fail to recognize the pervasiveness of suffering. Powers (1995, 224) notes the key Buddhist observation that humans tend to believe that material possessions can lead to happiness and consequently, expend much energy to acquire them. They also seek happiness in fame and power, sexual activity and in adventures and dangerous pursuits. However, wealth, power and fame are easily lost, and those who have them are as prone to unhappiness and suffering as anyone else. Powers further notes that humans desire happiness and seek to avoid suffering, which are seen by Tibetan Buddhism as legitimate goals. However, the commonly accepted means to achieving happiness is rejected. Most people only seek happiness for themselves by seeking material possessions. Yet, these things are impermanent; they are subject to change and death and thus are unable to provide lasting joy. According to Tibetan Buddhism, the human mind contains the seeds of both suffering and of lasting happiness; one’s state of mind determines what one experiences. It is crucial to be deeply committed to work for the benefit of all living beings without exception thereby gaining insight into the nature of reality and cutting through the dissatisfactions of cyclic existence through experiencing blissful mental states.

Death is the cessation of all dreams, hates, worries, plans, successes and failure of our present lifetime. Buddhism stresses the importance of death, since awareness of suffering and death is the key because it helped Buddha see the useless quality of worldly concerns and pleasures. Tibetan Buddhism particularly emphasizes the importance of death. As Powers observed:

“Tibetan literature is full of admonitions to be aware of the inevitability of death, the preciousness of the opportunities that a human birth presents, and the great value of mindfulness of death. A person who correctly grasps the inevitability of death becomes more focused on religious practice, since he or she realizes that death is inevitable, the time of death is uncertain, and so every moment counts” (Powers, 1995, 284).

People often frantically pursue transitory pleasures and material objects in the mistaken belief that wealth and power bring lasting happiness. Powers (1995, 284) noted that this mistaken belief is particularly popular in western cultures that emphasize material gain and technological innovation as a way of achievement, attempting to hide the reality of death by making the dead appear to be ‘lifelike’ by using cosmetics and avoiding discussion of death as inappropriate and overly morbid in polite company.

In contrast, teachings on death are found in every facet of Tibetan Buddhism, which emphasizes the importance of karma on one’s destiny and that everyone is able to influence the course of both life and death. Every moment contains opportunities for spiritual

advancement, and death also contains possibilities for progress. At the time of death, beside spiritual accomplishments, material possession and power all disappear, and nothing can be carried into the next life. One's rebirth is determined by one's action in this life, thus it is important to practice Buddhist activities diligently.

Tibetan Buddhism teaches that human life is very precious, and it is quite possible that one could be born into worse situations in subsequent lives. Because humans are able to recognize the problems of cyclical existence and are not overwhelmed by either suffering or happiness, humans are specially situated in this cyclical existence. If one is born in some other life situation, the chance to recognize the problem of cyclical existence and seeking a solution is greatly diminished. In order to avoid karmic traps during the death process, prior preparation and training are critical. These prepare the dying person to recognize what is happening and to cultivate attitudes resulting in a good rebirth. The state of mind of a dying person is considered vitally important in determining what sort of rebirth they will have. For example, positive thoughts at the time of death may bring a better rebirth. However, it is best to engage in religious practice throughout one's life, since the whole process of death and rebirth is driven by past habits, attitudes and actions.

3.1.2 Daily practice of Tibetan Buddhism

Buddhism plays a central role in Tibetan society, and is a way of life. Buddhism defines the value and the fundamental meaning of existence for Tibetans through its core notions of karma, rebirth and enlightenment. Its essential role in daily life is exemplified through active engagement in counting prayer beads, turning prayer wheels and maintaining an altar in the home. It is also demonstrated by the fact that all-important events and festivals are directly or indirectly related to Buddhism. As Goldstein (1998, 15) notes, the monastery and the institution of the monkhood are at the heart of Tibetan Buddhism. Monasteries are, ideally, collectivities of individuals who have renounced attachment to materialism and family and have made a commitment to devote their lives to the pursuit of Buddhist teachings. Their presence is concrete manifestation of Tibetans' belief in their society's religiosity. In 1951, at the time The Seventeen Point Agreement was signed, it was estimated that there were approximately 2,500 monasteries and 115,000 monks in the TAR, which accounted for 10-15 percent of the TAR's male population. The number of monks would be much higher if monks and monasteries in Tibetan areas outside the TAR were included, as the majority of Tibetans in China live in areas outside the TAR.

The importance of monasteries in traditional Tibetan society is demonstrated by noting their strong position in the economic and political sphere. Goldstein (1998, 19) noted that the three great monastic seats around Lhasa—Drepung, Ganden, and Sera—exercised decisive power over major government policy. They had the right to judge and discipline monks for all crimes except murder and treason. They believed that the political and economic system in Tibet existed to further Buddhism, and that they themselves could best judge what was in religion's short and long-term interests. Additionally, many monasteries owned large tracts of productive land in the form of estates that had been obtained from the state and individual

donors. About 50 percent of the arable land in Tibet was held by monasteries and incarnate lamas. Only about 25 percent of the land was in the hands of the lay aristocracy and about the same was held by the government.

Tibetan Buddhism also played a major role in the problems of people's daily life because it incorporated many autochthonous deities and spirits such as mountain deities. It is believed that these deities may be offended and cause illness and misfortune. Avoiding and placating their potential negative power was a core concern for many Tibetans. In times of illness or uncertainty, Tibetans often consult religious specialists for advice on how to proceed, for example, asking lamas to perform divination. As Goldstein (1998, 5) noted: "Tibetan Buddhism was thus a dominant ideological framework for both day-to-day life and the ultimate questions dealing with the meaning of existence and life."

Under the leadership of the Chinese Communist Party, Tibetan Buddhism experienced a difficult time, traversing the gamut of decline to revival. From 1951 to 1959, China's Tibet policy was characterized by a strategy of gradualism that focused on slowly winning over the majority of the Tibetan elite rather than on immediately trying to implement socialist reforms (Goldstein, 1998, 23). Consequently, monastic life did not change during the initial period. However, the 1959 uprising spelled an end to this approach. Monastic life in Tibet disintegrated overnight, and monastic power and influence were crushed. Nevertheless, individuals were still permitted to practice religion, and Tibetans continued to recite prayers and maintain home altars. This situation lasted until the beginning of the Culture Revolution in 1966. A basic tenet of the Culture Revolution was that China must eliminate traditional values of old society. Religion was a key target. There was a concerted effort to eliminate all vestiges of religion throughout the People's Republic. All practice of Buddhism and other religions was prohibited and effectively eliminated. Private religious activities, including rituals at home altars were forbidden, many monasteries and prayers walls were demolished and thousands of religious text and icons were burned (Goldstein, 1998, 9). However, most Tibetans continued to pray secretly.

At the onset of the implementation of China's open policy—a result of the Eleventh Party Plenum in 1978—Tibetan Buddhism began a revival. Although government was able to suppress the *practice* of Buddhism in Tibet during the period of the Culture Revolution, it could not do so on a cognitive and emotional level. As mentioned earlier, most Tibetans maintained their belief and faith in Buddhism. "Consequently, as soon as the State revoked its legal prohibitions and persecution of religion, Tibetans spontaneously began to practice the religion that had continued to exist in their minds during the ten dark years. Like pent-up air in a balloon whose opening is tied, the religious practices rushed forward when the binds were removed" (Goldstein, 1998, 10-11). This phenomenon reinforced the crucial role of Buddhism in Tibetan society.

A Tibetan family starts their day by, for example, burning incense and discarding pure water in small metal water bowls before a Buddha figure on their home altars and replacing it with fresh, pure water. The first thing many Tibetan children hear when they awaken is their grandparents or parents chanting mantras. People often pray by counting prayer beads and

turning prayer wheels when time allows. For most Tibetan elders, these are major daily activities. Tibetans also often visit and circumambulate temples, small shrines and stupas, while spinning hand prayer wheels and counting prayer beads.

In addition to these daily acts of devotion, must major festivals and events are directly or indirectly related to Buddhism. For example, during Losar (the Tibetan New Year), extensive rites on behalf of protector divinities are conducted, which are then followed by the convening of a Great Prayer Festival. During the New Year, as in other parts of the world, special foods are prepared. Before Tibetans eat on this day they first offer food to Buddha by placing it at the front of their altars and praying. Yu (1997, 424) observed, during his research in a small village about 70 km from Lhasa, villagers placing food they had prepared at the front of their altars on New Year's Eve. Initially, this might appear to be a contradiction since people believe Buddha is an awakened one and disinterested in material things, but people still offer their best food to Buddha. When asked why, they replied that it was unimportant if Buddha enjoyed the food, but it was important to demonstrate respect to Buddha, underscoring the villagers' strong belief in Buddhism.

The fifteenth day of the fourth month, according to the Tibetan calendar. It is the day Buddha achieved enlightenment and is a month of fasting and communal prayer. Many people circumambulate sacred mountains for blessings. Early summer is an occasion for ritual dances in many Tibetan villages, which please mountain deities who are beseeched to send good weather and bountiful harvests. Additionally, the eighth, fifteenth and thirtieth days of each month are considered auspicious. Visiting temples on such days is common.

Most Tibetans throughout the Plateau regard the religious shrines of Lhasa, and particularly the central temple where Shakyamuni's image is kept, as central pilgrimage sites. Thousands of Tibetans spend months in the course of a long and arduous journey to visit these important sites. Kapstein (2006, 237) pointed out: "Among the many characteristic religious activities in which virtually all Tibetans participate, pilgrimage is particularly prominent. Pilgrimage was traditionally one of the central phenomena contributing to, and perhaps even to some extent engendering, the cultural unity of Tibet." Additionally, according to Tibetan Buddhism, the results of negative or inappropriate actions may leave traces within the body in the form of 'defilement.' One's relationship to a local deity can become impure due to offensive actions, and may result in dangerous imbalance. A person's impurity can offend the deity, thereby causing physical or mental illness. Folk rituals may then be held to address such perceived problems. As a consequence, Tibetan Buddhist teachings vigorously promote the efficacy of sacred places and salvation rituals for eliminating both general and moral forms of embodied pollution. This is why certain lamas who, when consulted in cases of illness, recommend rituals such as pilgrimage as a form of treatment (Huber, 2002, 124-125). Tibetan Buddhism thus not only shapes people's understanding of the meaning of existence and life, but is an important tool for people to solve daily problems they encounter.

People consult lamas about illness, and for issues related to such major events as weddings and funerals. People usually ask lamas to choose the date of a wedding, and may consult

lamas as to whether the marriage is appropriate. Additionally, people often ask lamas to give names to children, so that they are directly with Buddhist concept embedded in the meaning of their names. Tibetan Buddhism emphasizes the importance of death, funerals thus are critical. A lama is consulted for the entire funeral schedule after a death. Lamas and/ or monks are invited to chant prayers to benefit the deceased. This is crucial for a good rebirth; chanting prayers continue for at least three days until final disposition of the corpse. According to Tibetan Buddhism, 7 to 49 days may be required for a dead person to move toward a life situation, concordant with the karma of the past life. Therefore, every seventh day after the death occurs is important. Consequently, a lama and monks are invited to chant prayers on these days. In most Tibetan communities, 'sky burial' is practiced for disposal of corpses, enacting the core Buddhist value of generosity by one's body being fed to birds after death.

Many people may not grasp the theoretical meaning of the prayers and activities that they practice everyday, but they do understand the basic Buddhist tenants of karma and rebirth. More strikingly, they know that their practice is ineffective and yields little merit if they perform religious action solely to the benefit themselves. It is crucial to pray for the benefit of all sentient beings. In other words, they pray for other living beings, and understand the importance of thinking about others' benefit when they pray. Accordingly, this strong belief encourages an attitude of altruism. People's generous donations to religious activities not only reflect their strong belief in Buddhism but, to certain extent, also reflect their altruistic attitude. According to Goldstein (1998, 38), the monks in today's Drepung, receive excellent incomes, and this is not so much a result of the success of Drepung's revenue-producing endeavors but consequence of the enormous supplemental income provided by alms donated by thousands of individual Tibetans. Goldstein emphasizes that the monastery would have been unable to support the 437 monks it housed in 1993 without these alms; these donations accounted for roughly 50 percent of the monks' total income, excluding direct food transfers.

In contrast to its small population, the number of monasteries and monks are very large in traditional Tibetan society. However, only a limited number of Tibetans ever master Buddhist theory; only a limited number of monks are involved in studying the formal curriculum of Buddhist theology. For example, as Goldstein (1998, 21) observed, Drepung was the largest monastic institution in traditional Tibet. It was a virtual town, housing about 10,000 monks before 1950. These monks were divided into those who studied a formal curriculum of Buddhist theology and philosophy and those who did not. The former, known as *pechawa* 'bookish ones', were a small minority, accounting for only about 10 percent of the total monk population. They pursued a fixed curriculum that involved approximately fifteen classes or levels, each of which took a year to complete. This curriculum emphasized learning Buddhist theology by means of extensive formal debating. In contrast, the overwhelming majority of common monks did not pursue this arduous course and were not involved in formal study. Many could not read much more than one or two prayer books.

Most Tibetans learn basic Buddhist theory through their parents and daily practice. The Buddhist environment of Tibetan society is the best school for instruction of children. They start to experience Buddhist life when they come to the world. As Powers observed:

“One aspect of life in a Tibetan community that strikes most Westerners immediately is the pervasiveness of such symbolism. Everywhere one walks, Buddhist symbols stand out: there are walls of prayer wheels inscribed with mantras, and people who turn them are thought to be sending out a prayer for the benefit of all sentient beings. Prayer flags with short mantras or invocations written on them flap in the wind, each movement sending out a prayer for the benefit of others. Shrines of various sizes, as well as monasteries, monks, nuns, temples, and statues catch the eye everywhere, and many of the people one passes are engaged in activities associated with Buddhist practice: a woman on the way to the market is holding her prayer beads and softly chanting a mantra, a group of children is prostrating in front of a temple, and a line of people is moving slowly around a wall of prayer wheels, turning each one for the benefit of others” (Powers, 1995, 16).

Tibetans emphasize the importance of praying for all other living beings. However, in reality, one can hardly ignore personal needs. Certainly they want better living conditions and good health, exemplified in visits to religious specialists in search of answers to their problems. They also wish for a good rebirth, which is a key motivation to continue daily practice, thereby accumulating and creating good karma. However, within this context, tangible problems in the present life strongly command attention. Tibetans must struggle to continue to live and solve problems they encounter in daily life, particularly in the harsh natural environments in which they live. Material gain is essential to support and improve their life. But strong belief in Buddhism and daily practice reinforce their understanding of existence and life in a Buddhist context. Therefore, economic development and, in particular, material gain is not the whole of their life. Importantly, the nature of Buddhist society does not create an environment promoting economic development, and the harsh natural environment does not provide an opportunity to do so. Instead, people’s economic interests are limited to satisfying their basic survival needs.

Furthermore, as Buddhists, ownership and consumption of goods are only means to an end; it is not a priority in pursuing a Buddhist life. As Schumacher (1973, 47) indicated in his famous *Small is Beautiful*, the Buddhist way of life is to reach satisfactory results with amazingly small means. This is difficult to understand for modern economists since they measure standard of living by the amount of annual consumption. The more consumed, the 'better off' one is. However, from a Buddhist point of view, this approach is irrational since consumption is merely a means to human well-being. Therefore,

“Buddhist economics is the systematic study of how to attain given ends with minimum means. Modern economics, on the other hand, considers consumption to be the sole end and purpose of all economic activity, taking the factors of production-land, labour, and

capital-as the means. The former, in short, tries to maximize human satisfactions by the optimal pattern of consumption, while the latter tries to maximize consumption by the optimal pattern of productive effort” (Schumacher, 1973, 48).

Consequently, given the reality that Buddhist value and attitude are pervasive in Tibetan society, it is difficult to conclude that Tibetans' limitation in market participation is not affected directly or indirectly by the Buddhist view, although it may not be the major cause.

As discussed in previously, traditional institution and practice cannot be ignored, and a society's historical heritage leaves a lasting impact on a given society; therefore, in order to better appreciate Tibetans' limitation in the marketplace, it is also important to investigate the major historical social economic activities experienced by Tibetans as well as their cultural impact.

3.2 Major economic activities in traditional Tibetan society

Like many other societies, land in Tibetan society was the property of the ruler. Productive lands were organized into estates. The central government, monasteries and nobles were the three major landlords. The common people were bound to the estates with obligations of service and tax payment that were thereby entailed. This system was the same for both farming and pastoral areas. Being bound to the estate of a landlord, however, did not mean that one could never leave one's village or encampment. As Goldstein (1990, 54) pointed out, “So long as the obligations to one's lord were fulfilled, the families could hire others to accomplish this, members of the household were free to go where they like, including visits, trading trips, or pilgrimages. Lords were interested in maintaining the flow of goods from their estates, not in micro-managing the daily lives of their subjects.” The majority of the population in traditional Tibetan society was herders or farmers. They worked on their land and managed it as they wished, so long as they fulfilled their obligations to their lords. Some were wealthy. For example, according to Goldstein, some of the Panchen Lama's subjects in Lagyab Hlyang owned herds of several thousand sheep and goats and many hundreds of yaks. However, the majority maintained a poor life. This is the very basic economic system and living situation in the traditional Tibetan economy.

Agricultural and animal husbandry were the major constituents of the traditional Tibetan economy with monastic estates amounting to almost half of all productive land. Considering its decisive position in Tibetan society, this section first explores the monastic economy. It follows the major economic activities in traditional Tibetan society.

3.2.1 Monastic economy

Since monasteries were one of the three landlords in traditional Tibetan society, accounting for nearly half of all productive land, rent was a major economic resource. For example, according to Ma Rong (1997, 24), the three great monastic seats around Lhasa,

Drepung, Ganden and Sera held 18,435 acres of land, 110,000 head of livestock and 40,000 serfs. The serfs had to give 70% of their crops to the monastery they worked for. Similar situations were found in other Tibetan areas, for instance, Zhongdian Guihu Monastery held about 34% of the total arable land in that area, while Labrang Monastery held about 95% of the land in thirteen villages in Xiahe, Gansu Province (Luo, 2004, 213).

The common people who worked for monasteries were usually hereditarily bound peasant or nomad families who worked on the monastery's land without wages as a corvée obligation (Goldstein, 1998, 21). In principle, these households enjoyed hereditary use rights to farming or grazing lands, which were inalienable as long as the household continued to exist. Beside their major obligation to the monastery as farmer and herder, the monastery might also have asked them to provide such other corvée services as labor and transportation.

Trade was another major resource of the monastic economy. Because of their important position in Tibetan society, monasteries not only housed monks, but also many lay people who visit regularly for religious purposes. Therefore, monasteries were centers of religious activities and trade. Additionally, most monasteries were directly involved in business. For example, as Luo (2004, 222) pointed out, after its establishment, an increasing number of people came to Labrang Monastery for religious purposes from Qinghai, Aba and Gannan areas. In addition to worship, they brought their own products for exchange. In order to maintain and expand the monastery, Labrang became involved in business as a way of providing loans to businessmen, lamas and monks. By 1950, about 20-25% of monks were involved in businesses. As Ma Rong (1997, 24) indicated, the level of the monastery's involvement in trade can be verified by its holding of goods. Many monasteries stocked such goods as tea for future exchange. For example, in 1959, the quantity of tea held by Xiege Monastery in Dingri County was enough for 90 years if consumed only by the monastery.

Monasteries possessed huge land and livestock holdings and thus had advantages in expanding their businesses, explaining why monastic trade was a major component of trade in Tibetan traditional society. For example, according to Li (2000, 67), large companies in Tibet were usually wholesale companies. Among the 41 Tibetan-owned wholesale companies in 1950, 9 companies belonged to monasteries, which accounted for about 22% of all companies. In 1931, there were over 100 businesses in Ganzi Town of which 13 were Tibetan. However, among the 13 Tibetan owned businesses, 7 belonged to monasteries that accounted for about 54% of total Tibetan-owned businesses (Jiang 2005, 82). Besides being involved in trade, according to Luo (2004, 227), most monasteries were involved in money and grain lending businesses that accounted for nearly four-fifths of total lending in Tibet. In addition, many monks spent much of their time engaged in moneymaking activities. For example, as Goldstein (1998, 21) observed, since Drepung Monastery did not provide its monks with either meals via a communal kitchen, or payments in kind and money sufficient to satisfy their needs. Consequently, monks had to spend a considerable amount of time in such income-producing activities as tailoring and medicine. While it is obvious that monasteries were able to support their monks, according to Tibetan Buddhism, enlightenment is gained through personal effort and each person decides their own fate. Accordingly, how monks

financed their monastic status was deemed to be their problem; monks were responsible for their lives and actions.

Because of the strong hold of Buddhism in Tibetan society, individual and government donations to monasteries constituted a large part of their income. For example, in 1954, Kumbun Monastery in Qinghai Province received a total of 15,000 sheep, 1,500 yaks, 300 horses, 3,600 silver dollars, 25 shoe-shaped gold ingots and such other things as tea and butter from individual donors. Drepung Monastery yearly received about 3,100,000 *liang* silver dollars, 13,750 kilograms of grain and 106,250 kilograms of butter (Luo, 2004, 200-201). Government was another source of monastery income. According to Charles Bell (cited in Ma, 1997, 25), in 1917, the Lhasa government's revenue was 720,000 pounds, and the Potala's revenue was 800,000 pounds. Included in the government's donation was a 274,000 allotment to the Potala. A similar situation existed at the local government level. It was estimated that nearly 50-60% of the local government's total revenue was allotted to monasteries (Ma, 1997, 25).

The above suggests that in traditional Tibetan society, monasteries not only received huge resources from peasants and nomads by leasing their land and livestock to them, they were also heavily involved in trade, as well as receiving large donations from both individuals and government. This flow of resources in traditional Tibetan society to monasteries, concretely illustrates Buddhism's central role in Tibetan life. Monasteries also played a decisive political role since the political system in traditional Tibetan society was a union of religious and political authority. The ultimate political and religious authority was in the hands of incarnate lamas. It is thus not difficult to understand why most resources ended up in monasteries.

The monastery commonly represented the best and most expensive type of building complex in Tibetan society. Its collection of Buddhist arts such as paintings and various figures of Buddha were made with gold, silver and other valuables, showing the great achievements of Tibetan handicraft and also demonstrating how expensive it was to build a monastery. Much of the resources the monastery obtained were used for monastery construction and maintenance. Many Buddhist activities were held daily and yearly, and huge resources were needed for these activities. Many monasteries' income was not enough to cover expenditures. For example, in 1795, the total revenue of the Potala was about 127,000 *liang* (of silver), but its expenditure was 143,600 *liang*; 7,900 *liang* was used for a prayer meeting in January and February alone. Tashi Lhunbo Monastery's annual income was about 66,900 *liang*, but its annual expenditure was about 74,600 *liang* (Ma, 1997, 25). Considering the huge number of monasteries in this relatively small society, the resources spent on religious activities is striking. Monasteries were clearly the biggest holders of resources in traditional Tibetan society and also the biggest consumers. In other words, Buddhism and its activities used a major part of the limited resources in traditional Tibetan society.

3.2.2 Major economic activities of peasants and nomads

Agriculture and animal husbandry were the main pillars of the traditional Tibetan economy. However, because the high altitude and cold weather on the Tibetan plateau (most areas are over 3,000–4,000 meters above sea level), does not favor agriculture, and potentially arable areas are scarce. Therefore, agriculture production accounts for only about one fourth of the economy, while animal husbandry accounts for three fourths (Ma 1997, 19). Cultivation of barley, wheat and peas, and the herding of yaks, sheep, goats and horses are the predominant livelihood.

Most farmland is not irrigated; harvests depend on the weather. The growing season is short with only one harvest a year. During the early spring in late March and early April, agricultural activity begins by carrying manure to the fields and leveling the fields. In the following month, the fields are fertilized and seeded. Regular weeding is the principal fieldwork in summer. Preparation for harvest begins in late August and early September, and by the end of October, the harvest is mostly complete when grain is winnowed and dried. Barley is the staple grain for most Tibetans, which is used to make *tsampa*. Additionally, wheat, peas and potatoes are often cultivated. Some records showed that barley accounted for 70% and peas accounted for 20% of the total grain in the 1940s (Ma 1997, 19). Harsh conditions mean that harvests are quite limited. Crops are often threatened with drought, hailstorms and severe frost. For example, Ma (1997, 19) noted that on average, per capita grain was 135 kilograms in 1952 in Tibet. This means that domestic grain only maintain basic needs in traditional Tibetan society. Tibetans often obtained grain by exchanging animal husbandry products and salt with neighboring Nepal and Sikkim.

Pastoral activities in Tibet are also governed by seasonal cycles. Care of livestock is a year-round activity, although the work differs according to the season. Nomadic cycles are governed by the pasture available for grazing and the need to maintain enough forage for the herds throughout the year. Because of the extremely short growing season, in most regions, nomads usually move two or three times per year within a relatively small area. As Kapstein (2006, 15) asserted, since grass does not grow during winter, there is little point in moving herds far from one's home base, and sparse, dry winter fodder is all that will be available to them. Because all adjacent areas in Tibet have roughly the same single growing season, nomads cannot escape the harsh upland winter climate. Instead of moving hundreds of kilometers in winter to lower regions where fresh grass is growing in Southwest Asia, Tibetan nomads try to minimize travel, contending that it weakens livestock and increases mortality. It is understood that animals can survive in summer and fall even if the rainfall is poor, but unless there is enough food for them to increase livestock fat reserves, many will not survive the harsh winter (Goldstein & Beall, 1990, 58-60). Beside a basic management strategy of moving between lower and higher ground, nomads also divide their herds to take advantage of different capacities and accommodate the different needs of their livestock. For example, as Goldstein and Beall (1990, 60-61) observed, Pala nomads move between two encampments, a main home-base, three-season encampment used in winter, spring and

summer, and a fall encampment. In late August or early September, they leave their home base for pasture areas that have been left un-grazed all season, where they reside until late December when the forage is nearly exhausted and then return with their sheep and goats to the original home-base encampment. The yaks move to a series of different winter locations situated higher up in the mountains and then return to the home base five months later in May. The reason for this management is that certain types of vegetation grow at high altitude, and yaks are able to bite off grass of this kind and pull it up with their tongues, which sheep and goats are unable to do. More importantly, yaks are impervious to cold so that they are able to graze during the coldest months of the year in the higher mountains.

Complete economic dependence on livestock is a distinguishing feature of Tibetan nomads. Yaks, sheep and goats are their major capital providing food, clothing, shelter and other necessities such as tea and grain. Yaks are unique and crucial to Tibetans. As Goldstein and Beall assert:

“Yaks provide food, shelter, and clothing for the nomads. Their coarse belly hair is spun and woven into tent material, and their soft cashmere-like wool is used for ropes and blankets. Their hide is used for the soles of boots and, of course, yaks provide large quantities of meat, as much as 175-275 pounds from an adult male. In addition, the females provide relatively large quantities of milk throughout the year” (Goldstein and Beall, 1990, 82).

Additionally, yaks are very important for nomad transportation. They are powerful and have great endurance, even at the highest altitudes. Sheep and goats are other important economic resources of nomads, providing meat, milk, wool and skins needed for winter clothing and are also utilized to transport goods.

According to Goldstein and Beall, the nomads’ traditional production strategy has focused on converting temporary abundance into storable forms to be used throughout the year such as dairy products. Other products are collected at the peak quantity, including meat, wool and cashmere (1990, 83). Availability and quality of animal products vary throughout the year and depend on the weather since animals survive exclusively by grazing on range forage.

Herding is an essential, daily activity for the nomads. Animals are divided into separate grazing herds, thus a shortage of herders is a constant problem for many households who often cooperate with neighbors and hire shepherds. Children start herding when they are eight or nine years old. Herding may be uncomfortable and boring since herders leave in the morning and are only able to return home during the evening. Herders are often alone all day, and there is no protection against rain, sleet, hail and wind.

The herding life is made more difficult by harsh natural conditions. For example, Goldstein and Beall (1990, 38, 48) recounted, whatever the weather conditions, nomads had no choice but to milk and herd. Herders get no hot food while they are out herding. On the coldest days, their faces become so numb that when they return in the evening they cannot talk until they warm up in the tent. However, the nomads accept these harsh conditions as

inevitable and natural and often remark that their way of life is far less difficult than that of farming areas, since the animals do the work of grazing, the grass grows by itself and they need not labor over the soil as farmers do.

Although Tibetan nomads have developed a sophisticated subsistence economy by working with what nature has provided and work around the difficulties of the climate, they often see their role passively. As Goldstein and Beall (1990, 49) pointed out, “self-effacing understatement of their own role is one of the salient features of the nomads’ worldview.” Many facts such as harsh natural conditions, a difficult life and Buddhist culture may explain this. A middle-aged Pala nomad recorded by Goldstein and Beall eloquently expressed nomads' conception of life as it should be:

“We (nomads) build no canals to irrigate pastures here, nor do we fence and sow our pastures with grass seeds to enhance yields. They tried to make us do this during the Cultural Revolution, but that is not our way of doing things. The Changtang is a ferocious place...One minute the air is calm and sun is shining, the next it is hailing. It is not possible to try to control and alter the Changtang. We do not try-instead we use our knowledge to adjust to it” (Goldstein and Beall, 1990, 48).

Peasants and nomads both contributed to handicrafts and trade in traditional society. In particular, certain communities developed textile, painting and earthenware. The major handicrafts include *pulo* (a wool fabric for making blankets, garments and so on), carpets, boots, wooden bowls, knives and tents. There was no industrial production before 1952, thus handicrafts were the major non-agricultural production (Ma, 1997, 20). Households’ essential needs such as garments, boots and tents are made by households themselves or with others’ assistance, and often trade is conducted by the nomads and farmers themselves. Additionally, because of limited urbanization, for example, the population in the largest city, Lhasa, was only 25,000-30,000 (Kapstein, 2006, 16), trade and handicraft did not contribute to the formation of a distinct class. Nevertheless, trade and handicraft played an important role in traditional Tibetan society and it is thus worthwhile to explore trade and handicraft in traditional Tibetan society in more detail.

3.2.3 Trade and handicraft

To satisfy their basic needs, trade between peasants and nomads was a major part of trade in traditional Tibetan society. Salt is rare in most farm communities, but is available in many herding areas; salt and grain exchange was conducted primarily by the nomads and peasants themselves. In addition, they frequently engaged in exchange of grain for meat and butter in autumn and winter, the time villagers have completed their harvest and the quality of animals is best. These exchanges are essential for daily needs and are particularly crucial for nomads since they do not produce grain. As Jones (1996, 67) pointed out, even for families owning large numbers of livestock, annual or bi-annual visits to a market are necessary to obtain certain basic requirements in both food and materials by disposing of surplus produce.

The journey for trade was not an easy task because of the difficult terrain and long distance between villagers and nomads. As Goldstein and Beall (1990, 117) observed, Tibetan nomads were the main source of salt for villagers and townspeople in Tibet and the adjacent Himalayan kingdoms of Nepal, Bhutan and Sikkim. Every spring, Pala men drove transport animals 140 miles northwest to collect salt; the round trip required 50-60 days. Although yaks can carry much heavier loads, goats and sheep were normally used with each animal carrying a load of 20-30 pounds, because Pala nomads had few male yaks. However, collecting salt and getting it home were just the first stages of the trading process. Exchanging salt for grain demanded an additional arduous caravan journey to reach farmers' villages. Therefore, collecting and selling the salt required three to four months.

In addition to trade between nomads and peasants that met domestic needs, several trade routes were developed with Tibet's neighbors. W. Zwalf described wider import-export enterprises in the following terms:

“Despite the difficult terrain and the effect of the seasons on travel, Tibet was linked with her neighbours by a number of trade-routes, which carried exports of wool, furs of fox, stone-marten, lynx and marmot, yak-tails, hides, the soft under-wool of the shawl-wool goat, borax, salt, musk and medicinal herbs as well as ponies and mules. The beasts of burden were mules, yaks, donkeys, sheep and goats, the latter mostly in western Tibet. Mules were reputed the best climbers but yaks could negotiate what seemed impossible rocks and boulders. Routes to India led westwards to Ladakh (Leh), Kashmir and Almora and southwards to Kalimpong, and at one time a route through Nepal was much used. From India Tibet imported cotton and woollen goods, hardware, corals, precious stones, tobacco, dried fruits, sugar, molasses, matches, needles and soap; from Bhutan and Nepal came rice, and Bhutan also supplied wood. The route to China ran through the ethnic border town Tatsienlu and carried Chinese brick tea, silks, satins, brocades, cotton goods and scarves in exchange for musk, gold-dust, wool, sheepskins, furs and medicinal herbs. To the north lay the road to Mongolia passing the great Koko Nor lake; caravans brought Chinese silver, silk and ponies in and took away woollen cloth, incense sticks and copies of Tibetan scriptures, for Mongolia, a Buddhist country, had been evangelized from Tibet. The northern route also brought pilgrims from the outlying inhabited parts of the north-east to the shrines and sanctuaries of the Tibetan heartlands” (W. Zwalf, 1981, 18-19).

Each household consumes much tea, which is a necessity of Tibetan daily life. Importation of bricks of dried Chinese tea in exchange for horses for the Chinese market was an important trade for centuries. According to Kapstein, trade for tea was developed from about the twelfth century on. Because Tibetans are so fond of tea and the Chinese requirement for horses greatly exceeded their own breeding capacity, tea-horse trade was a business that achieved sufficient dimension to entail the formation of an important eastern Tibetan merchant class. During the last decades of the nineteenth century, it was estimated that about ten to fifteen

million pounds of tea were imported annually through Dartsedo (Kapstein, 2006, 188). In addition, tea bricks frequently served as currency in goods exchange. As Jones (1996, 71) cited Desgodins in 'A Tea Trade with Tibet', tea was "by far the most generally used in Tibet, not only as a beverage, but especially as a staple of trade, and as the current money of traders, men bargaining by stipulating so many bricks or packets (of four bricks) of tea. They say, 'This sword has cost three bricks; this horse is worth twenty packets,' and so on. The wages of workmen and servants are paid in so many bricks of tea, etc." Regarding the use of tea as currency, Rockhill (cited in Jones, 1996, 72) writes: "In most parts of the country money is but little used, the people bartering for most of the things they require. Brick tea is used to such an extent in their mercantile transactions that it is, for all practical purposes, a unit of value."

Research on trade and handicrafts in traditional Tibetan society undertaken by the Nationalities Institute of the Chinese Academy of Social Science and the Social and Economic Institution of China Tibetology Centre in 1990 suggests that, on average, the level of trade in Tibet was not lower than in China as a whole, and even higher in certain items. For example in 1936, the average export and import value per capita in China was 4.1 RMB, while it was about 8 RMB in Tibet in 1951. Grain circulation may serve as another example; it was 7.5 kg per capita on average in China as a whole, but 8.5 kg in Tibet in 1936 (Li, 2000, 2). Similarly, Kapstein (2006, 188) observed that wool export was an important economic engine. The annual value of sales to the United States alone stood at roughly two million dollars by 1949. It is clear that trade contributed significantly to the Tibetan economy.

However, for most Tibetans, trade is merely a way to satisfy basic needs. As mentioned earlier, trade between peasants and nomads was a major part of trading in traditional Tibetan society, but many nomads may not be willing to do so if they have enough necessities to live. For example, as Goldstein and Beall (1990, 122) observed: "Salt collection, therefore, is an option in nomads' system of production whose utilization varies depending on the overall well-being of the nomads. If economic conditions are bad, then more households will want to make the trip. If they are relatively good, fewer will take the trouble." Additionally, although certain economic numbers exceeded the average value in China as a whole, this does not mean that Tibetan traders formed a distinctive business community with independent economic status. Li (2000, 4) points out that, for many Tibetan traders, their life heavily depended on their land, and they were not totally separated from their land except for a limited number of traders in Lhasa who depended solely on trade.

More importantly, much trade in Tibetan areas was controlled by non-Tibetans. According to Li, there statistics are lacking for an accurate account of companies and the ethnicities of ownership. However, according to various sources, it was estimated that there were a total of 2,230 businesses during the 1950s. Among these businesses, 1,318 were owned by Tibetans, 42 by Hui Chinese Muslims, 21 by Chinese and others by Nepalese and Indians. Tibetans owned businesses accounting for 59.1% of the total businesses (Li, 2000, 33). This means nearly half of the businesses were owned by non-Tibetans. In certain areas, the situation was even more striking. For example, because of the "tea-horse" trade, the trade route to inner

China was important. Business flourished in Ganzi Town of Ganzi County because of its unique location at the mid-point of the trade route. There were over 100 businesses in Ganzi Town in 1931, but only 13 were owned by Tibetans. The majority were owned by Han Chinese (Jiang, 2005, 82). Both Zwalf and Kapstein noted that the Tibetan trading class was not very large. For example, Kapstein pointed out:

“Because the salt-and-grain trade was conducted primarily by the nomads and farmers themselves, however, it did not by itself contribute to the formation of a distinct mercantile class, except in those cases in which town-based merchants purchased these commodities for resale. As the market economy was not well developed, this was of markedly less significance than direct barter... Chinese and Indian textiles of various kinds, as well as manufactured goods, including light firearms, were traded to some extent in the towns, though much of this commerce was in the hands of merchants from outside of Tibet. Prominent among them were Muslims from Nepal, Ladakh, and Yarkand (in Xinjiang), who operated long-distance caravans traversing Tibet and thus serving as a fragile link between China and South Asia” (Kapstein, 2006, 187-188).

Therefore, although trade was important in traditional society, Tibetans' direct involvement in business remained limited to satisfying their basic daily needs by exchanging surplus produce between nomads and peasants. The numbers of Tibetans exclusively involved in business was relatively small, and businesses were often owned and operated by people from outside Tibet. The following passages may, to some extent, explain certain of the reasons that explain this. As Kapstein pointed out, such passages describing common secular occupations were generally incidental to the purpose of the religious authors responsible for much of Tibetan literature since Tibetan writing glorified the spiritual over the worldly.

“Tea is a plant grown in China. When planting it and trimming the leaves, countless animalcules are killed. As far as Dartsedo, it must be borne by coolies, who each carry two times sixty catties. With pack-straps across their foreheads, the skin is pulled back until the white bones of their skulls are exposed, but even then they must march on with their loads. Then, up to Dotok, the burden is transferred to cattle and mules, which suffer unthinkable hardship, their backs almost broken and bleeding with wounds. And when the tea finally reaches the market, where there are neither guarantees nor shame, the sale is always subject to fraud and argumentation.

Most of the commerce, moreover, is carried out on mats of wool or fleece. The wool is gathered during the summer, when the sheep have plenty of ticks, lice, and other small creatures, most of which are killed during the shearing. Those that survive are bundled together with the wool and arrive in a kind of hell when it is washed and carded. The fleece comes from lambs that have been born with their senses intact, able to experience pleasure and pain, happy to be in the first stage of life. Precisely then they are killed. Even though they are just dumb beasts, they are scared to die and eager to

live. They experience gut-wrenching pain and their mothers, too, suffer at the death of a child, as we know is natural. If you think of your purchase with these things in mind, you will see that even a bowl of tea is no more than a cause for infernal rebirth. As for *tsampa*, when at first the earth is turned in the field, all the subterranean worms are forced up and the surface bugs crushed below. Wherever the oxen drag the plough, crows and smaller birds follow to feast on them. Similarly, when water is channeled into the fields, the animals that dwell in the water are all stranded on the dry land, while those that live in the earth are inundated and drown. Then, when the seeding is done, alternately breaking into the soil and pounding it down, more without number are killed. When you think about this, every mouthful of flour seems a mouthful of worms.

In the same way, although we regard the “three white foods” and the “three sweets”—butter, milk, and the like—to be pure and sinless, most of the colts, calves, and lambs are nevertheless slaughtered and those that are not are tied up and restricted from drinking the mother’s milk they desire. When still, they are tied to the post and, when moving, tethered together. It is we who steal, and treat as essential, the sweet milk that it should be their fortune to consume” (Dza Peltrul (1808-87, cited in Kapstein, 2006, 17-18).

As Kapstein pointed out: “Dza Peltrul’s moral standpoint aside, he offers us an incisive and realistic portrait of Tibet’s three principal occupations—trade, pastoralism, and farming—and of the human and animal suffering that they entailed. This was an inalienable dimension of traditional life, and it was this that the Buddhist clergyman accentuated, as a goad to promote the religious values of compassion and renunciation” (2006, 19).

Handicrafts played a key role in traditional society as the main non-agricultural production. However, only a relatively few people were involved in handicraft production. For example, according to Li (2000, 208-209), before 1959, there were about 25,000 people involved in handicraft industry, accounting for about 2.5% of Tibet’s total population. In addition, production utilized a very low level of technology. For instance, sewing was an important section of the handicraft industry because of its demand, but there were only six sewing machines in Lhasa in 1935. Nevertheless, because of the crucial position of Buddhism, some religious-related handicrafts developed to a high level and gained a world reputation in monastic building, painting and sculpting.

According to Norbu Wangdan (2000, 237), at the time of the Fifth Dalai Lama, five handicraft associations were established in Tibet. They were the associations of mud, wood and stone; the association of metals; the association of shoes; the association of sewing and the association of painting and sculpting. These associations were under Tibetan government management, which appointed the head of each association and regulated all recruitment processes; each association reported all selected recruits to the government for approval. One of the major functions of the associations was to provide labor service to government and monasteries for their various needs, such as the building and maintenance of buildings, and the fabrication of uniforms and regalia for officials, lamas, monks and others. In general, 3-6

months of labor service was annually required from many people involved in handicraft. For example, according to Li (2000, 213), Lhasa tailors provided labor services for 3-6 months annually. Each month they received 42 kg barley in return, and some butter and tea. Additionally, they were paid four silver dollars or the equivalent in goods. Those not providing labor services paid about 250 Tibetan silver dollars annually as tax. Those belonging to a certain association could not leave their residential area without permission from the association head, though they were free to work within that area. This was done to allow the association to locate their workers so that they could conveniently be called up when needed for labor service (Li, 2000, 224).

In addition to farmers and nomads involved in handicraft-making as a supplement to their major economic activities, some Tibetans took handicraft production as their major profession. Those who did so were later required to join the relevant association. Besides labor service to the government and monasteries, handicraft makers were responsible for production and sales. However, due to factors as lack of capital and resources, most handicraft industries were family based, and a few hired laborers (Norbu Wangdan, 2000, 246). Often they were only able to work when people provided them with needed materials or they simply provided labor. These factors, plus the low level of technology, explain the limitations on handicraft production.

Additionally, certain handicraft makers were considered to be low class. For example, tailors, carpenters, stonecutters and metal smiths, particularly blacksmiths were considered to be among the lowest classes in some Tibetan areas, generally marrying among themselves and not being allowed to sit with other people on the same carpet (Norbu Wangdan, 2000, 243). These groups of people were considered to be socially "polluted" or defiled. The fact that these people lacked enough land to survive was a major reason they were relegated to the polluted class and those with enough land to maintain their life were not allowed to join these "polluted" handicraft industries. For example, according to Ciren Yangzong (2000, 325-328), earthenware makers' social status was a bit better than that of blacksmiths and butchers because they were not completely separated from the land. However, earthenware makers were also considered to be a polluted group. People planning to hire an earthenware maker prepared separate utensils and other things for them to use and did not eat or drink together with them. Consequently, even though earthenware makers earned a relatively high income compared to peasants, they might not have done so if they had had enough land for tax payment. To some extent, this situation explains why only a limited number of people were involved in handicraft production.

3.3 Impact on Tibetans market participation

It is clear that the economy of traditional Tibetan society was a self-sufficiency, subsistence economy. Tibetan basic needs were met from within the society, with the

exception of a few goods such as tea and silk brought from neighbors. Conditions of traditional Tibetan life were generally hard. As Kapstein pointed out:

“Peasant farmers in many places, even the most prosperous, could see their crops ravaged by a hail storm, and the nomads their herds by an unseasonable blizzard or an outbreak of illness. For those whose circumstance were environmentally marginal, it was often a question of eking one’s living from poor, stony fields, or by grazing a few hungry beasts on meager pastures, while for those whose status was socially marginal, slave-like servitude was often one’s unalterable lot” (Kapstein, 2006, 204).

Trade played a particularly vital role in satisfying Tibetan needs by circulating relevant domestic goods and bringing in foreign ones. However, it did not contribute to the formation of a distinct mercantile class. Often trades were in the hands of non-Tibetans. Handicrafts remained the only non-agricultural production, but most were household-based with a low level of technology, and often craftsmen were subject to provide service to the government and monasteries where many craftsmen suffered unfair treatment. A market economy was not well developed.

Additionally, the vitality of Tibetan Buddhism and its role in people's lives led to religious activities in monasteries and in virtually all corners of society, even constituting the major part of government work. Tibetans’ strong belief in Buddhism supported the strong economic position of monasteries in Tibetan society that reinforced Tibetans’ belief in Buddhism. A market economy being non-existent in traditional Tibetan society, meant that the economy was monastery-centered.

It is thus easy to understand Buddhist values as deeply pervasive in Tibetan society and strongly affecting Tibetans attitudes toward economic life. As Daniels (2005, 248) points out: “Although physiological and external conditions will play a role, people’s values and other mental factors will underscore economic or livelihood matters that are comprised mainly of motives, choices, and realized actions.” For the Protestant, wealth and profit were signs of salvation buttressed by moral belief in the virtues of hard work and economic acquisition; to the Tibetan Buddhist, spiritual advancement is much more important to overcome suffering by eliminating afflicted desires. Such values and attitudes limit Tibetan market participation, particularly in today’s market based on the self-interest of individual economic actors for short-term profit maximization and material gain.

As Sachs (2000, 32-34) pointed out: “Economic growth has been related to political, cultural, and economic factors and has been intimately connected with capitalist social institutions characterized by a state subject to the rule of law, a culture that supports a high degree of social mobility, and economic institutions that are market based and support an extensive and complex division of labor.” However, the monastery-centered economy in traditional Tibetan society did not support such conditions. Instead, Tibetan Buddhism and a self-sufficient economy were perfectly compatible. On the one hand, according to Buddhism, cyclic existence is inevitably connected with both physical and emotional suffering, the root

of suffering is desire based on ignorance and a primary concern is overcoming this basic cause of all cyclic existence. Material gain is not a priority in the pursuit of a Buddhist life. Instead, people are happy to meet their basic needs, and to be born as humans. In particular, they are happy to just survive in the unpredictable and extremely harsh natural conditions they live in. In general, they are satisfied with their self-sufficient economy. On the other hand, harsh natural conditions merely supported a subsistence economy. Extremely poor transportation isolates Tibetans from other parts of the world. This hard and difficult life reinforces belief in Buddhism amid a constant yearning to be rid of the suffering they experience by accumulating good karma.

Moreover, as Schumacher (1973, 47) argues, the materialist is interested in goods, while the Buddhist is interested in liberation. While the Buddhist is not against physical well-being, wealth, however, is not the focus of the way of liberation. Attachment to wealth and material needs is just a means to the Buddhist goal. Therefore, the appropriate concept of Buddhist philosophy for day-to-day economic behavior is virtue attached to pursuing 'The Middle Way', which seeks the welfare of all living beings. This perspective is fundamentally different from individual self-interest and maximization of personal worldly gain and defines the object of productive and economic behavior as satisfaction of "basic" needs. Buddhists acknowledge the need for production and consumption and involved processes such as trading and acquisition of capital, but it is important to contextualize the processes within Buddhist values. "Hence, the orientation is not anti-materialistic to the point of indifference to physiological welfare. Rather, a maximum of well-being with minimum consumption, implications for the welfare of others, and actions leading toward spiritual development comprise primary determinations of the rationale for chosen behavioral patterns" (Daniels, 2005, 247).

Consequently, it is understandable that a market economy was undeveloped in traditional Tibetan society. Consequently, it is also not difficult to appreciate Tibetans' limitations in market participation, since material gain is not a priority for many Tibetans. Instead, economic welfare is seen as instrumental in achieving spiritual advancement. As Daniels (2005, 248) argues: "The positivist calculus capabilities of neoclassical economics, derived from simple and predictable and independent study units focused on maximum individual gain, is lost in the Buddhist way which embraces moderated consumption, cooperative behavior and collective concerns behind action. In this view, material conditions of quality of life would only comprise one dimension used to assess individual or social progress." Additionally, the underlying importance attributed to karma and various factors of cause and effect reinforce the need for a shift from individualistic and maximum material gain toward spiritual development. Buddhism acknowledges the need for production and consumption and involves processes of trading, acquisition of capital and so on, but challenges the individual to contextualize these processes within such Buddhist values as the idea of right conduct and right action. To the Buddhist, economic welfare is instrumental in achieving spiritual advancement. As Zadek (1993, 442) points out: "Whereas the essence of modernist thinking is to view all pre-capitalist values as instrumental to either enabling or impeding

economic growth, Buddhist economics turns this equation on its head and insists rather that economic development must cohere with Buddhist values.”

Of course, Buddhism does not block people’s participation in business. This is easily clarified by many monks and monasteries being themselves involved in business. Conversely, Buddhism may be useful in promoting a fair trade. But the political and economic system in traditional Tibetan society created a monastery-centered and primarily agricultural and animal-husbandry-based economy, unfavorable to the development of a market economy. After centuries of this monastery-centered economy, people are accustomed to see and accept this as a way of life. Additionally, both harsh natural conditions and Buddhist values reinforce each other, for example, harsh natural conditions reinforce Tibetan belief in Buddhism. On the other hand, Tibetans’ strong faith in Buddhism does not attempt to change the natural landscape, rather it protects the environment from intensive human economic activities that are the main cause of environment degradation in much of the world. Therefore, this reinforcing functioning of harsh natural conditions and Tibetan Buddhist faith consolidated the long practiced monastery-centered economic system that does not favor pursuing personal material gain, rather it serves to further Buddhist development.

Today, the legacy of the Tibetan way of life continues, though sometimes in a slightly different fashion. One may easily identify this in Tibetans’ daily economic activities. For example, non-Tibetans doing business in Lhasa were asked why few Tibetans were involved in business and why most businesses in Lhasa were owned by non-Tibetans. Typically, they replied by saying that Tibetans do not know how to do business. For instance, one Han from Sichuan Province who owned a small restaurant in Lhasa told me: “most Tibetans are peasants and nomads, they do not know how to do business. They are accustomed to work as farmers and nomads. Their life is simple and they do not have many demands.” A Salar from Xunhua County, Qinghai Province said: “Tibetans lack experience in business, they do not know how to sell and they usually only sell things they produce by themselves such as cheese, potatoes and beef. They rarely sell things imported from inland China.” In short, Tibetans are still doing things the traditional way, continuing their way of life though the economic system has totally changed.

A similar situation has been observed in other parts of the Tibetan world. For example, during field work in Huangnan Tibetan Autonomous Prefecture, Qinghai Province in the summer of 2006, I found there were a total of 326 shops along several busy streets in the prefecture seat town. Even though the Tibetan population is the majority, only 103 shops were owned by Tibetans, accounting about 32% of the total. More strikingly, the 34 repair shops were solely owned by Han Chinese; no Tibetan was involved in such business. However, this actually represented an improved situation, since there were only a few Tibetan owned shops a decade ago. Today, some Tibetan women sell fruits and vegetables in the market. However, unlike non-Tibetan women who sell many different kinds of fruits and vegetables, the Tibetan women sell only that which they produce on their land, such as green onions and radishes (Figure 3.1). One of the reasons for this might be lack of capital, but many non-Tibetan women’s financial situations are no better, if not worse.

Figure 3.1: Tibetan women selling green onions at a busy market of Huangnan Prefecture seat.⁷



During my research, I found that Tibetan small businesses were concentrated in sectors that rely on marketing and sale of such Tibetan goods and cultural artifacts as Tibetan handicrafts, ornaments and Tibetan medicine. They also include Tibetan restaurants and bars and Tibetan-style hotels and services.

In addition, Tibetan micro-enterprises include small retail shops, service-related businesses and, sometimes, seasonal sidewalk businesses. Small retail shops range from groceries to handicrafts and Tibetan clothing. Service-related businesses include small hotels, restaurants and tourist services. Sidewalk businesses deal in products that depend on the season, such as butter and yoghurt, wild mushrooms, certain herbs and medicines. People involved in these trades are hawkers, who set up at the start of the day and pack up at the end of the day, often without a trade license.

Tibetans are rarely involved in businesses that require a certain type of skill or a significant level of investment, such as hair salons, photocopy and print shops, computer repair shops, photography studios, Western-style clothes shops, electrical appliance sales and repair shops and automobile sale and repair shops. These services are dominated by Han Chinese and, in some areas, Hui.

The reasons why Tibetan businesses are unable to involve themselves in skill-oriented markets, concentrating instead in certain limited areas, are complex. They often concentrate their business efforts on culturally familiar objects and activities, which exist in traditional society, that suggests Tibetans continue their way of life and are not doing unfamiliar things.

⁷ Source: fieldwork in the summer of 2006.

*Figure 3.2: Tibetan women selling butter at the corner of the Jokhang Temple, Lhasa.*⁸



Tibetans list poor education, lack of skill, “easily satisfied,” and so on are often given as to why few Tibetans are involved in business. This is even said to be one reason why Tibetans do not grow vegetables. In her study of greenhouse vegetable production in villages near Lhasa, Emily Yeh reported comments made by a Tibetan woman: “...the reason Tibetans do not grow vegetables is that they are 'easily satisfied'...because livelihoods now are much better than they were in the past, Tibetans now think things are good enough. They think that it's good enough to not be hungry” (2003, 356). This attitude may have nothing to do with Buddhist theory but practically, this is what many Tibetans think about. For example, Yeh recorded a Tibetan scholar's remark on this issue:

“This idea that one ought to be satisfied with what one has is heavily influenced by religion, but it is not religion itself. Buddhism does not ever say ‘do not work hard’, but many Tibetan Buddhists think that if they have enough, there is no reason to work hard...From this practical understanding of the 'Tibetan Buddhist work ethic', to be 'easily satisfied' is a positive quality that sets Tibetans apart from the Hans, whose purpose for coming to Tibet is precisely to accumulate wealth to bring home” (Yeh, 2003, 424).

Whether this view is theoretically sound, given Tibetan Buddhists' emphasis on karma and the belief that living beings experience suffering because of their previous negative actions,

⁸ Source: fieldwork in the summer of 2006.

actions motivated by afflicted desires, it is understandable why people think they should restrict desire and be satisfied.

To better understand why Tibetans are marginalized in vegetable production, Yeh discussed labor time, startup capital, skills, market network, identity and work ethic in general. She argues that some limitations, particularly labor time, exert much stronger limitations on Tibetans than on Han since Han are migrants and Tibetans are not. However, she concludes:

“Constraints to Tibetan farmer are not only structural or economic, they are also inflected through cultural understandings of work, health, memory, identity, and resistance. For example, while it is true that Tibetans lack adequate training in vegetable cultivation, many are also unwilling to use certain chemical inputs that would make their farming more profitable. They not only associate these inputs squarely with Han migrants, but also believe that such inputs “spoil” the soil, and make their food ‘taste bad’” (Yeh, 2003, 392).

Expenditures on religious activities in Lhasa is another focus that reveals the cultural impact on people’s daily life, particularly on economic decision making. The Social and Economic Institute of China Tibetology Centre conducted “research on one hundred households in Tibet” in 1995. In Lhasa City, they chose 45 households from Lugu District. According to the report (Liu, 1996), all 45 households had religious articles numbering from 11 to 356, according to their financial situation. On average, the total value of the religious articles accounted for about 13% of the 45 households’ total property value. In 1994, the 45 households’ total expenditure on religious purposes accounted for 10.07% of total expenditure—the second largest expenditure next to food, and far more than the expenditure on education that accounted for only 1.78% of the total. However, it also critical to understand that the reason religious expenditures in Tibetan households are high in comparison with education expenditures is that compulsory education in TAR is free. Additionally, while urban Han Chinese spend less on religion, they spend a higher proportion of their income on other forms of consumption that Tibetans lack access to. Therefore, Tibetan household expenditure on religion may not be high. Nevertheless, this figure demonstrates the importance of religion in Tibetan daily life. Moreover, the report noted that religious expenditures increased with household income. Households involved in business were relatively wealthier than those that did not, but instead of reinvesting in business, they spent more on religious purposes. This is a form of cultural consumption stabilizing families and promoting more successful business activity.

Today, while the economic and political system is greatly changed in Tibetan areas, historically valued religious beliefs and other social norms continue to have profound impact on Tibetan society. Many Tibetans continue their way of life, unable to integrate into and follow China’s far-reaching reform processes. Instead, to certain extent, Tibetans are largely marginalized in the market place. It is impossible to conclude traditional Tibetan culture is

solely responsible for Tibetans' limitation to participate in the market, but it partially explains why Tibetans do not participate effectively in the market.

It is also important to emphasize that while "being satisfied" is clearly a Buddhist view, or at least consonant with Buddhist teachings, it is not the only possible Buddhist view related to economic participation. A Buddhist view might equally emphasize individual effort at self-improvement and altruistic efforts at community development. However, as Lindblom (2001, 143) observed: "To achieve efficiency, it is not enough to motivate people to love their neighbors, do good, or work hard. For social cooperation, incentive systems have to draw people into specific assignments, like welding or managing a janitorial crew. Even under the most favorable circumstances, altruism cannot motivate an allocation of energies to a required variety of different tasks. Market incentives can and do draw people to each of the innumerable tasks to be done in any society." However, people should also acquire necessary experience and skills to fulfill the tasks.

Nevertheless, the Buddhist view seems rational in the harsh Tibetan environment, where it is impractical and unwise to strain the fragile ecosystem with excess human demands. Moreover, historically, Tibetan lifestyles were well-integrated in the limited ecosystem and economy and being easily satisfied was part of that, as was the complex mythology mapped onto Tibetan terrain. Many mountains were deities while others hosted demonic forces and in either case could not be landscaped or blasted. The presence of water-deities resulted in the preservation and protection of the cleanliness of rivers, lakes and streams as well as the trees on their banks and the various water creatures within them. At the same time, the harsh natural conditions and the practice of polyandry in certain Tibetan areas helped maintain low population levels. In this way, Tibetans, as easily satisfied Buddhists and as a people with highly differentiated concepts of luck, divine intervention, free human agency and choice and karma, maintained a marked tendency toward non-intervention in their natural surroundings. Tibetan Buddhist economic thinking provides insights into a sustainable economic development approach. As Zadek (1993, 442) pointed out: "This Buddhist challenge to modernist thinking has its support from development theory that argues that economic development, in order to be sustainable and meaningful, needs to take account of the value system within which such developments are taking place."

Chapter 4 Policy and market participation⁹

We have seen that farming and herding were Tibetans' major economic activities prior to 1950. Although trade played an important role in traditional Tibetan society, to some extent, Tibetans' direct involvement in business remained limited to satisfying their basic daily needs. This was accomplished by exchanging surplus produce with farmers. The numbers of Tibetans exclusively involved in business was relatively small, and businesses were often owned and operated by people from outside Tibet, which did not contribute to the formation of a distinct mercantile class. Handicrafts remained the sole non-agricultural production; most were household-based and required a low level of technology. Craftsmen were subject to providing service to the government and monasteries; many craftsmen suffered unfair treatment. In short, the elements of a market economy were poorly developed.

The importance of Tibetan Buddhism in Tibetan daily life encouraged religious activities to be held in monasteries and in virtually all corners of society, even constituting the major part of government work. A monastery-centered economy in tandem with harsh natural conditions supported only a subsistence economy. Poor transportation facilities isolated Tibetans from the rest of the world. These factors partially explain why there was no distinct mercantile class in traditional Tibetan society.

The next important issue to address is: What happened after the Communists gained power? Did government policy promote Tibetan involvement in economic activities and particularly, in business activities outside the realm of farming and herding? To answer these questions, this chapter starts with an overview of major economic development policies since 1950, followed by a detailed analysis of policy impact on Tibetans and their market participation. Since business development policy is vital in promoting market participation, current business development policies in Tibetan areas of China and their impact on Tibetan-owned business are discussed.

4.1 Overview of economic development policy since 1950¹⁰

The Seventeen Point Agreement signed in 1951, stated that 'Tibet's agriculture, animal husbandry, industry and trade shall be developed step-by-step in accordance with the actual conditions of Tibet, and thereby improve people's life. Regarding various reforms, the Central Government will not employ forcible implementation, whenever people propose requests for reformation, steps should be taken in consultation with the leaders of Tibet'

⁹ An earlier version of this chapter was published in Wang Shiyong (2009).

¹⁰ Economic development processes in other Tibetan areas differ in some respects from TAR. However, this section focuses on the major economic development policies that affect Tibetan communities. It does not address the varying paces of development in different Tibetan areas.

(Duojiicaidan and Jiangcunluobu, 2002, 50). This policy enabled Tibet to retain internal autonomy, and the traditional economic pattern virtually did not change from 1950 to 1959.

Instead of changing political and economic patterns immediately, intensive road construction was undertaken by the Central Government. In 1950, the People's Liberation Army began constructing the Sichuan-Tibet road linking Chengdu with Lhasa via Chamdo. Another road project connecting Xining and Lhasa began in 1953. Both projects were completed by late 1954. Additionally, several other roads connecting a few major towns in Tibet were constructed, e.g., Lhasa to Shigatse, Shigatse to Gyangtse and Gyangtse to Yatung by 1956. According to Duojiicaidan and Jiangcunluobu (2002, 73), a 7,000 km of basic road network in Tibet was in place by 1958. Although many locals were recruited for road construction, roads were built mostly by the Chinese army and operated predominantly by Han Chinese. Continued expansion and improvement of transportation enabled the Central Government to withstand Tibetans resistance and consolidate control.

In addition to developing transportation, the Central Government also initiated establishment of relevant organizations in Tibet. In February 1952, China People's Bank established a branch in Lhasa, and a state-owned trade corporation began operation. In July 1952, the Postal and Telephone Communication Bureau began operation in Lhasa. Shortly thereafter, Shigatse, Nagchu, Gyangtse and Yatun also established bank, trade corporations and post offices—the first state-owned enterprises in Tibet. The bank and trade corporation particularly aimed to assist the Chinese army to meet their daily needs. At the same time, they also facilitated the development of trade in Tibet. Gradually, their influence over commercial operations in Tibet increased. For example, Ginsburg et al. notes that

“In line with the announced resolution of a 17-day trade conference concluded in Lhasa on February 10, 1955, Tibetan peasants and herdsman were scheduled to receive 70 percent more consumer items that year from the State trading companies, with the supply of tea to increase by 60 percent and that of cotton fabrics and other mass consumption goods proportionately expanded. Concurrently, a decision was published that State purchases of animal products and other local merchandise would be ten times greater than the previous year, with new State trading centres for both wholesale and retail business already being set up for that purpose in a number of Tibetan cities and outposts. The same general trend persisted in the following year” (Ginsburg et al., 1960, 104-105).

In 1956, with consolidation of control, it was proposed that democratic reform that had already been implemented in most other parts of China, begin in Tibet. However, when information came from Ganzi Prefecture, Sichuan Province where democratic reform was ongoing, Tibetans in Lhasa began to react and a rebel movement grew in Tibet. The Central Government then decided not to proceed.

As Mao declared:

“Because conditions are not yet ripe, democratic reforms have not yet been carried out there. According to the seventeen-point agreement between the Central People’s Government and Local Government of Tibet, reform of the social system must eventually be carried out. But we should not be impatient; when this will be done can only be decided when the great majority of the people of Tibet and their leading public figures consider it practical. It has now been decided not to proceed with democratic reforms in Tibet during the period of the second Five-Year Plan, and we can only decide whether it will be done in the period of the third Five-Year Plan (1958-1962) in the light of situation obtaining at the time” (Ginsburg et al., 1959, 259).

The March 1959 uprising ended relative internal autonomy. The Central Government decided to implement democratic reform, which mainly consisted of land redistribution and abolition of serfdom. Reform proceeded somewhat differently in farming and nomad areas. The first stage of the reform was to carry out the campaign of the so-called “three oppositions” and “two reductions,” that is, the suppression of rebellion, elimination of unpaid forced labor, discontinuation of slavery and reduction of rents and interest. The second stage was land redistribution. With successful suppression of the revolt and mobilizing the masses, a formal class structure was created. The property of those who had participated in revolt was confiscated while landlords who had not participated were allowed to keep a certain amount of land for themselves with the government purchasing the remaining land, which was then redistributed to farmers.

In pastoral areas, ownership of land and livestock remained relatively unaffected since the situation in pastoral areas differed from farming areas. Although landlords owned the grassland, each household owned and managed its own animals, as long as they fulfilled their obligations to their landlord. Aside from the confiscation of the livestock of those who had participated in rebel activities and then turning these animals over to the herdsmen who had tended them and to impoverished herdsmen, the government decided not to change the ownership of livestock and made no further redistribution of livestock.

By Spring 1961, democratic reform was completed in most of the TAR. However, unlike other areas of China where the socialist system was already in place, the Central Government decided not to implement socialist reform immediately. Instead, a policy of gradually bring Tibet into the socialist system was envisioned. In accordance with this policy, aside from organizing households into mutual aid groups to cooperate in tasks such as farming and herding, private ownership was maintained. Democratic reform reportedly led to huge increases in the production of virtually all goods. For example, Duojiicaidan and Jiangcunluobu (2002, 96) reported that from 1959 to 1965, grain production increased 58.9% and animal husbandry production increased 93.3%.

However, given the nature of Communism, democratic reform is not an end in itself; the goal is to bring about socialist transformation eventually. As Ginsburg et al. (1960, 107)

pointed out “Ultimately, however, it is proposed to bring “socialist transformations” to these areas as well. As in the rest of China, the program of land distribution is by no means an end in itself but is a provisional maneuver to dispossess the propertied classes and win the support of the agricultural population before starting on the enforcement of a total collectivization drive of all rural holdings.” Accordingly, a pilot project of implementing socialist transformation took place in a limited area in 1961 (Di et al., 2006, 124). A formal socialist transformation began when experimental communes were introduced in the TAR in 1965. Meanwhile, the Central Government decided that communes would not be introduced in pastoral areas for three years. It was not easy to implement this policy given the resistance to commune establishment in certain areas. For example, according to Goldstein and Beall (1989, 622-623), “In early 1969, after word arrived that the nomad areas were going to be reconstituted into communes later that year, the overwhelming majority of the Phala nomads, led by their traditional leaders, rose up in rebellion and took physical control of their area, killing several pro-Chinese Tibetan officials in the process.” Nevertheless, 150 communes had been established by 1966, and another 1,070 communes were established in the TAR by the end of 1970 (Duojiecaidan and Jiangcunluobu, 2002, 108-109). By 1974, it was reported that 90% of townships had communes, a figure that rose to 93% in 1975 (Dreyer, 2006, 131).

Introduction of communes drastically altered the traditional economic and social pattern. As Goldstein and Beall (1989, 623) noted, introducing communes in nomad, social and political organizations restructured these institutions by transforming ownership of the means of production and marketing and production decisions from individual households to the commune. Farmers and herders worked as members of production teams in accordance with commune leaders’ orders. They received work points for labor, and then earned food and other necessities based on the work points accumulated throughout the year.

Socialist transformation accompanied the Cultural Revolution. It was not only traditional Tibetan culture that came under severe attack, but also the traditional handicraft industry. The implementation of a policy known as “destroying the four olds” (old ideas, old culture, old customs and old habits) during the Cultural Revolution strove to eliminate traditional culture. Handicrafts were considered to belong to the “four olds” and production of such handicrafts was stopped. Relevant workers were reclassified as farmers and handicraft equipment was confiscated. For example, 500 handicraft workers in Gyangtse became farmers and, in Zhanang County alone, the government confiscated 4,000 pieces of equipment (Duojiecaidan and Jiangcunluobu, 2002, 114).

Before 1950, there were only a 60 kw power station in Lhasa and a mint employing a few workers (Yu, 1997, 80). In order to change this dim situation of the industrial sector in Tibet, the Central Government introduced some modern industry after 1951. The first such enterprise was a Lhasa carpet factory established in 1953. As Ginsburg et al. (1960, 108) noted, “Initially, most industrial and technical installations erected by the Chinese were connected with construction projects in general and with the building and maintenance of the highway system. Thus, by 1955 a motor-repair works, a saw-mill, a brick kiln and lime works were established.” With the improvement of transportation through completion of the two

roads connecting the TAR with Qinghai and Sichuan in 1954, it was possible to introduce more equipment and personnel for industrial development from inland, and gradually more factories and companies were established. By 1965, there were 80 enterprises in the TAR (Yu, 1997, 81).

During the Cultural Revolution, many new factories and companies were established. However, because the motivation for establishing an industrial base was driven by such strong political enthusiasms as “fill up the vacuum,” many enterprises that cost huge sum quickly became useless. For example, neglecting local available resources, a glass and a fertilizer factory was established in both Lhasa and Chamdo at a cost of 15 million RMB; both produced nothing. Another example was the Xiangyang Coal Mining Factory that produced no coal despite a 4.8 million RMB investment (Yu, 1997, 82).

Unlike the TAR, democratic reform and socialist transformation took place much earlier in other Tibetan areas. Democratic reform first took place in certain Tibetan areas of Qinghai and Gansu provinces in 1951. From 1955 to 1957, it also took place in Tibetan areas of Sichuan Province. By the end of 1959, socialist transformation had been completed in these Tibetan areas (Luo, 2004, 305). Similar to the TAR, people in these areas also experienced much difficulty.

Since the Eleventh Party Plenum in 1978 and Deng Xiaoping’s return to power, as in other parts of China, Tibetan areas also gradually opened. Particularly, after Hu Yaobang, then General Secretary of the Party, visited the TAR in 1980, a development policy based on local conditions was implemented and people began to experience the impact of new cultural and economic liberalism.

In May 1980, Hu Yaobang and Vice Premier Wan Li made an unprecedented fact-finding visit to the TAR. They were dismayed by what they saw and heard. Accordingly, Hu Yaobang made public a six-point report that included the following key points:

1. Under Central Government leadership, the TAR should fully implement its right of autonomy and not implement policies unsuited to local realities. The local government should constitute its own regulations and protect the interest of its own nationality, not simply copy regulations of the Central Government or those of other provinces.

2. Taking the difficult situation of TAR as the starting point, implement a policy of rest and rehabilitation and considerably lighten the masses’ burden. Currently, the real fact is that people’s living standard is conspicuously impoverished. TAR people should be exempted from taxes and purchase quotas for the next two to five years. People should not be assigned any additional work without pay and people should be allowed to negotiate purchase of such items as grain.

3. In order to promote production development, the TAR should implement specific and flexible economic policies suited to TAR conditions, including the industrial, agricultural, finance and trade, commercial, animal husbandry, handicrafts and communication sectors.

4. Increased funding by the Central Government should be used properly, and particularly to develop agricultural and animal husbandry and to meet Tibetans daily needs.

5. Within the socialist framework, fully and vigorously develop Tibetan culture, education and science. Tibetans have a long history and a rich culture. It is totally wrong to ignore Tibetan's history, language and arts. However, education has not progressed well in the TAR. Efforts should be made to set up a Tibet university with such subjects as history, language, theology, arts, law and sculpture. The majority of students should be Tibetan, who should account for 98%. Han Chinese should attend universities in inland China. Han cadres working in the TAR should learn spoken and written Tibetan language; this should be required, otherwise they will be divorced from the masses. Cherishing the minority people is not empty talk, one should respect their habits, customs, language, history and culture.

6. The ratio of Tibetan cadres in the TAR should be increased to account for more than two-thirds of all government functionaries in the TAR within 2 to 3 years. Han cadres should be transferred back inland; it is not necessary for Han Chinese to have jobs such as workers and in the service sector (Qinghai Nationalities Affairs Committee, 1984, 68-79).

Hu's report formed the basis for reform measures implemented in the following years. The effect of China's new economic policy was immediately felt in Tibetan areas. In the TAR, farmers and nomads were exempted from all taxes for two years starting in 1980. This policy was later extended to the present. As in the rest of China, the household responsibility system was introduced in farming and nomad areas. "Overnight, each household became completely responsible for its own production and marketing as in the pre-1959 era" (Goldstein and Beall, 1989, 630). Consequently, agro-nomadic production increased and the living standard of Tibetans and general economic conditions improved.

Economic activities that had been terminated during the Cultural Revolution revived under this new policy. For example, as Goldstein and Beall (1989, p. 630-1) noted, trade exchange between nomads and farmers, important in meeting daily living needs in traditional Tibetan society, had been stopped during the Cultural Revolution. However, they quickly reemerged after 1980. Additionally, individual households were encouraged to engage in sideline and handicraft endeavors; individual handicraft makers were encouraged to trade across borders, and grain and animal husbandry products were traded in the market (Duojiecaidan and Jiangcunluobu, 2002, 121). All such efforts encouraged Tibetan participation in the market.

Except for rural primary schools using Tibetan as the main instruction language, most secondary schools and county primary schools used Chinese as the main instruction language in most Tibetan areas before implementation of the Open Policy. However, starting in 1980, using Tibetan in schools was promoted. From 1980 to 1988, the TAR government promulgated documents emphasizing the importance of learning and using the Tibetan language in the TAR. It was decided to gradually set up an education system using Tibetan as the main instruction language in the TAR, a policy that was not realized later.

At the same time, as promised by Hu Yaobang, the Central Government began transferring Han cadres from Tibetan areas to the interior. In the TAR alone, about 80,000 cadres and their family members were transferred inland from 1980 to 1983 (Duojiecaidan and Jiangcunluobu, 2002, 122).

Similar policy was applied to other Tibetan areas. For example, Hu Yaobang told Qinghai government leaders in 1980, “The six points we made public in the TAR are basically in accordance with Qinghai’s condition and you may implement them as a reference” (Qinghai Nationalities Affairs Committee, 1984, 486). Immediately, the Qinghai government issued several government documents based on Hu’s six points. With the exception of taxes not being exempted, other policies were similar. Regarding Han learning minority languages, the Qinghai government encouraged Han who worked in areas and work units where minorities were concentrated to learn relevant languages. Learning such language was a criterion for evaluating cadres’ performance when promotions were considered. Government also made public that within the next three years, relevant government organizations should ensure that a third of their Han staff spoke a minority language, and two thirds of their young staff should understand the basic writings of minority nationalities. These organizations included the Qinghai Animal Husbandry Bureau, the Women’s Association, the Youth League and trading and service sectors. However, later this policy was not implemented (Qinghai Nationalities Affairs Committee, 1984, 505-506).

Encouraged by this new policy, a Tibetan leader in a speech in 1981, even hoped to end poverty in the TAR within the next two to three years, reaching the region’s highest known living standards within the next five to six years, and bring massive economic development in the TAR within the next decade (Dreyer, 2006, 134). However, poverty had not ended after three years. Accordingly, the Central Government held its second Tibet work forum in 1984 in Beijing. During this meeting, the TAR government announced additional reforms and promulgated a ‘two long-term, no changes’ policy. Livestock were to be turned over to households to be raised privately and households were to have rights of management for the long-term without change. Land was also to be turned over to households for use and to have management rights for the long-term without change. Additionally, policy encouraged farmers and nomads to engage in trade and other economic activities within and across borders. At the same time, policy also welcomed individuals and companies from other provinces to establish businesses in the TAR. The Central Government also decided that 43 infrastructure projects with an investment of 480 million RMB would be supported by several municipalities and provinces in China’s coastal areas. It was reported that the introduced reform increased the overall living standard. By the end of 1985, total industrial and agricultural output value increased 19.3% from 746 million RMB in 1980 to 890 million RMB. Farmers and nomads’ net income increased 95.8% from 1980 to 1985. However, drought and completion of the 43 projects reduced investment and economic indicators fell in 1986 (Duojiecaidan and Jiangcunluobu, 2002, 128).

Private business activities accelerated in Tibetan areas because of further reform policy. In 1978, there were 53 formally registered small business households in the entire TAR. Under the Open Policy, this number increased to 498 in 1980; most were local Tibetans. In August 1984, the number of private businesses in the TAR was 13,000. Among the 15,000 people working in these businesses, 7,000 were people from other provinces (Hu, 2004, 57-9).

Major demonstrations from 1987 to 1989 in Lhasa ended this sound progress, and resulted in the imposition of martial law for over a year. Political stability then became a priority for the government's development policy. The TAR government emphasized that their main task was to prevent "separatism" and other subversive activities, thereby maintaining political stability. This situation was accompanied by an overall worsening political condition in China as a whole.

Deng Xiaoping's tour of the south launched a new set of policies of high-speed economic growth in Tibetan areas and the rest of China. At the Third Tibet Work Forum in July 1994, it was decided that economic reform should continue. An ambitious goal for the TAR's economic development was set: an annual growth rate of 10% and, by the year 2000, doubling the TAR's gross domestic product compared to that of 1993. Infrastructure development was emphasized for the all-round development in the TAR. It was decided that relevant departments of the Central Government and other provinces should aid the TAR's economic development by taking charge of 62 projects worth 2.38 billion RMB. These projects included energy, communication, telecommunication, agriculture and animal husbandry. A total of 29 municipalities and provinces participated in these aid projects (Duojiecaidan and Jiangcunluobu, 2002, 728-31).

Later, the TAR experienced economic growth that at times was even higher than the national average. For example, the economic growth rate in 1995 was 10.6 % that exceeded the average for the entire country (Dreyer, 2006, 139). Per capita annual income of rural households increased from 175 RMB in 1978 to 1,331 RMB in 2000 (Di, 2006, 324). Similar growth rates were noted in other Tibetan areas of China as well. In Qinghai Province, official per capita annual income of rural households increased from 343 RMB in 1985 to 1,320 RMB in 1997 (Nan, 2002, 125). Research conducted by the Center for Tibetan Studies, Sichuan University showed that other Tibetan areas performed better than the TAR, though support they received from the Central Government was much less than what the TAR received. Per capita GDP and fiscal revenue were less than that of the TAR, but other such economic indicators as farmers' average income and per capita total value of industrial and agricultural output were higher than that of the TAR (Ran, 2003, 180-181).

After the reforms, the gap between east and west China accelerated and Tibetans, as a minority group in the 'West,' are in worse condition than elsewhere in China. Using per capita GDP as an example, most western provinces and regions lag far behind coastal provinces. In 1998, the national per capita GDP was 6,404 RMB while in the western regions, only Xinjiang reached this figure. The TAR, with a per capita GDP of 3,696 RMB, barely reached 57% of the national average (Zhuang, 2003, 39)

In 2002, the average GDP per capita in China was 10,320 RMB. However, the GDP per capita of most western provinces and regions was much lower. The TAR ranked 22nd, with a GDP per capita of 6,093 RMB. Gansu, Yunnan, Sichuan and Qinghai provinces, all of which have sizable Tibetan populations, ranked 30th, 28th, 26th and 20th respectively, out of 31 provinces and autonomous regions, with GDP per capita much lower than the average. Zhejiang, Guangdong and Jiangsu provinces occupied the first three places after the three

metropolitan areas of Beijing, Shanghai and Tianjin, with GDP per capita much higher than the average. On average, the western provinces only reached 36% of the GDP per capita of the 3 eastern provinces (See table 4-1).

Accordingly, China launched its Western Regions Development Program in 1999. The Central Government created a set of preferential policies to attract international and domestic investment. Many projects dedicated to developing transportation, energy, communication, irrigation and improved urban infrastructure were launched to create a favorable environment for investment. Since the west lacks the funding and facilities to train and retain needed talent such as scientists, teachers and managers, a priority of the Central Government is to support research facilities and technical training, and introduce applied technology. Environmental protection has also been emphasized by the Central Government due to the fact that China has been badly affected by sandstorms, floods and water shortages in recent years, such as the unprecedented 1998 flood of provinces in the lower reaches of the Yangtse River during which thousands of people lost their lives.

The Tibetan areas of China, the TAR in particular, have received special attention from the Central Government in addition to the Western Development Program. This is clear from records of the Fourth Tibet Forum held in late June 2001. It was decided that the Central Government would finance 117 projects worth 31.2 billion RMB in the TAR. An additional 1.06 billion RMB was to be provided by other provinces and municipalities for constructing an additional 70 projects. Most such projects were dedicated to developing agriculture, animal husbandry, infrastructure, science and education and to improving grassroots party organizations and environmental protection (Wang et al., 2004, 100). Political stability was a priority of this economic development policy. As Dreyer (2006, 140) noted: "The report averred that economic development could not take place without stability, and named 'the Dalai Lama clique' as the main source of Tibet's instability. To thwart the clique's nefarious designs, more than 10,000 cadres were formed into work groups and rushed into agricultural and pastoral areas 'to rectify and improve grass-roots party organizations.' If they did not succeed, the report stated, the gap between the living standards of Tibet and other parts of China would continue to widen. Development is the key to stability." It was anticipated that the TAR would close the prosperity gap and rise to the mid-level of the country's prosperity by 2010.

4.2 Policy impact on Tibetans and market participation

The government's economic policy impact on Tibetans and their market participation is best illustrated by the fact that Tibetans have been marginalized in the marketplace since the advent of China's new economic policy. This consequence is vividly demonstrated by the huge gap between Tibetan areas and other regions of China. It is also illustrated by the inequalities within Tibetan areas. Most importantly, the government's failure to take Tibetan local conditions into account, to certain extent, explains why Tibetans are marginalized in its economic development processes.

4.2.1 Economic-policy-derived inequalities

Tibetans' standard of living has improved since the Open Policy was implemented in 1980. Changes are notable in economic life and in religious activities. Particularly, dramatic change is notable in infrastructure development since the Central Government launched its Western Regions Development Program. Most roads connecting major cities and towns have been improved, making it far easier to travel to and within Tibet, which was once isolated from the world.

However, when compared to other parts of China the standard of living gap is enormous. One of the major tasks of the western development program is to mitigate this gap between west and east, yet the gap grows ever wider. For example in 2005, the TAR and Qinghai, Gansu, Sichuan and Yunnan provinces reported per capita GDP that was even further behind as compared to Zhejiang, Guangdong and Jiangsu provinces (See table 4-1). The gap was about 10,000 RMB in 2002, which translates into a doubling of the gap by 2005.

Table 4-1 Average GDP per capita in China and selected provinces (RMB).¹¹

Province/Region	2002	2005
TAR	6,093	9,114
Qinghai	6,426	10,045
Sichuan	5,766	9,060
Gansu	4,493	7,477
Yunnan	5,179	7,835
Zhejiang	16,838	27,703
Guangdong	15,030	24,435
Jiangsu	14,391	24,560
China	10,320	14,040

Since the majority of the total Tibetan population is rural, it is important to exam Tibet's rural situation and compare it with the national average. In 2001, Zhong and others (2004) conducted a survey in the TAR's rural area that covered 25 counties of the seven prefectures and cities and obtained data from 4,508 people (700 households). They found that rural residents' expenditure on personal consumption took a high proportion (74.28%) on average. The Engel ration is 61.74%. Particularly, expenditures on education, recreation and medical health were very low and much different from the national average. After five years, from 2001 to 2006, the situation had changed positively, however, the gap between Tibetan rural residents and other parts of China's rural residents remains notable. Some indicators even show a worsening situation. For example, while the national rural average expenditure on medical service increased 22%, this figure decreased 25% for rural Tibetan residents. Additionally, transportation and communication are key for people to effectively participate

¹¹ NBS 2003 and 2006.

in the market, but Tibetan farmers' average consumption expenditure on transportation and communication only accounted for 1.25% of its total expenditure in 2001, five points lower than the national average. This number increased to 5.21% in 2006, but the gap with the national average did not change (see Table 4-1).

Table 4-2: Composition of Tibetan rural residents' expenditures on personal consumption (2001 and 2006) (%).¹²

		Food	Clothes	Housing	Domestic appliances & services	Medical health	Transportation & communication	Education & recreation	Other goods & services
2001	TRA	66.73	10.32	9.96	5.59	3.65	1.25	0.98	1.16
	NRA	47.71	5.67	16.03	4.42	5.55	6.32	15.06	3.24
2006	TRA	48.24	9.23	23.36	6.25	2.72	5.21	3.21	1.78
	NRA	43.02	5.94	16.58	4.47	6.77	10.21	10.79	2.23

(TRA=Tibetan rural average, NRA=national rural average)

According to Zhong and others' data, rural TAR income is lower than the national average and the average of the western twelve provinces. In 2001, the per capita net income of TAR's rural households was 1,404 RMB, 962 RMB lower than the national average, ranking last among the western twelve provinces and regions (2004, 176). This number increased to 2,435 RMB for TAR's rural households by 2006, however, the gap even widened to 1,152 RMB lower than the national average, revealing a 20 % increase within five years. A similar situation applies to most other Tibetan areas of China. Yushu, Guoluo and Huangnan Tibetan autonomous prefectures in Qinghai Province may be used as an example. In 2001, the per capita net income of these three prefectures' rural households was 1,336 RMB, 1,491 RMB and 1,348 RMB respectively, which were similar to TAR's rural households. By 2006, these numbers had increased to 1,923 RMB, 2,039 RMB and 2,003 RMB, respectively (QSB, 2007, 176), still they are much lower than the per capita net income of TAR's rural households. Consequently, the gap between Tibetan rural area and east China is much larger. For example, in 2006, one of the rich east provinces, Zhejiang, reported a per capita net income of 7,335 RMB for rural household, which was about 5,000 RMB more than for the TAR. In other words, the per capita net income of TAR's rural households only accounted for 33% of its counterpart in Zhejiang Province (NBS, 2007, 368).

Zhong et al.'s (2004, 177) data also showed that, "The surveyed 700 households of farmers and herdsmen are featured with low education. The household owners with complete illiteracy and with almost illiteracy account for 66.84%, those with elementary education for 30.91% and those with junior high schooling and above only for 2.25%. Among them, the household owners in Naqu Prefecture with complete illiteracy and with almost illiteracy are as high as 90.33%." By 2006, the illiterate population aged 15 and over still accounted for 45.65%, which was the highest and much higher than the national average (9.31%). More

¹² Sources: Zhong et al., 2004, and NBS 2007.

strikingly, illiteracy among the female population aged fifteen and over was as high as 57.17% (NBS, 2007, 120). Additionally, Zhong et al. (2004, 177) pointed out that there was a large surplus rural labor force in the TAR who could not find jobs. They listed two major reasons—the local enterprises were too few to absorb surplus labor and the poor education level of the laborers.

The gap not only exists between different regions and provinces, but also between rural and urban, particularly in the TAR. In 1985, China's average income for farmers was 398 RMB while in the TAR it was 353 RMB. In 1996, these figures were 2,090 RMB and 975 RMB, respectively, a dramatic increase in the gap between the TAR and China as a whole in this 11 year period. Nevertheless, per capita annual income of TAR urban households was even higher than the national average. For instance, in 1988, per capita annual income of TAR's urban households was 1,211 RMB while this figure was 1,192 RMB for China as whole. In 1996, per capita annual income of TAR's urban households increased to 5,912 RMB, but it was 5,160 RMB for China as a whole (Nan, 2002, 125). On the one hand, TAR farmer income lagged far behind these in the other areas of China while on the other hand, the TAR's urban citizens enjoyed a comparatively high income. This difference creates a huge gap between rural and urban areas in the TAR. As Xu (2003, 74) indicated, with the exception of Lhasa, all 73 counties of the TAR are impoverished, making the TAR the largest impoverished area in all China. However, the average income of the TAR's urban citizen is higher than the average income of China's urban citizen, ranking seventh after Shanghai, Beijing, Guangdong, Zhejiang, Tianjing and Fujian. The ratio of average income between the TAR's urban and rural areas increased from 2.79:1 in 1985 to 4.8:1 in 2000, nearly double the ratio of China's average income ratio between urban and rural areas. In 2005, per capita annual income of TAR's urban households was 10,659 RMB, lower than the national average of 11,321 RMB. However, in the same year, per capita annual income of the TAR's rural households was 2,078 RMB, far less than the national average of 3,255 RMB (NBS, 2006, 357, 370). The ratio of average income between the TAR's urban and rural areas further increased to 5.1:1, despite a quarter of a century having elapsed since the Open Policy was implemented.

If we examine the TAR's urban and rural households' average expenditure, the situation is even more striking. As Table 4-3 shows in 1985, TAR's urban household average consumption expenditure was 3.37 times that of TAR's rural households, which increased 6.92 times 14 years later in 1999. More specifically, TAR urban households' expenditure on food, housing, transportation and communication increased much more than rural household expenditure from 1985 to 1999. Particularly, transportation and communication posted a huge increase from 1.04 times in 1985 to 37.90 times in 1999. Although the gap in medical service, education and recreation narrowed somewhat, the difference between TAR rural and urban areas remains huge.

Table 4-3: Comparison of per capita annual consumption expenditure of TAR's urban and rural households (Rural=1).¹³

Item	Year		
	1985	1995	1999
Average consumption expenditure	3.37	4.36	6.92
Food	2.74	3.50	4.99
Clothing	6.30	8.75	8.49
Housing	0.97	3.36	7.11
Domestic appliances & services	7.46	2.16	3.87
Medical and health	80.00	18.17	12.29
Transportation & communication	1.04	11.33	37.90
Education and recreation	48.48	54.33	46.38
Other goods and services	6.00	25.67	32.42

This phenomenon is explained by the huge investment made by the Central Government flowing into TAR's cities, to the neglect of rural areas. For instance, in 1996, the TAR's expenditure in rural areas only accounted for 3% of its total expenditure, while rural areas accounted for 86.2% of the total population (Luorongzhandui, 2002, 52). After 5 years, the situation had not changed. "In 2001, the region's financial assistance to rural production, agricultural integrated development and scientific and technological input was respectively 126.63 million RMB, 90 million RMB and 26.16 million RMB, accounting for 1.21%, 0.86% and 0.25% of the total financial expenditures. Among the 12 western provinces and regions, input in the 3 aspects was the lowest, which handicaps agricultural development" (Zhong et al., 2004, 178). As Xu (2004, 230) argued, most Central Government investments and development projects in the TAR are concentrated in urban areas. As a result, the TAR's cities have changed dramatically while rural areas remain one of the largest impoverished areas in China.

It was repeatedly emphasized that at all stages of reform it was crucial to develop the infrastructure of agricultural and animal husbandry. However, by 1996 only 16% of the TAR's villages were able to use electricity, 80 points lower than China's average. In the same year, only 13% of villages had postal service, 77 points lower than China's average for that year; and only 1% of villages had phones, 47 points lower than China's average. In the same year, only 65% of the TAR's villages were connected by roads and many of those villages were inaccessible during bad weather (Luorongzhandui, 2002, 64). For example, Wang (2004, 5) described his journey from Linzhou County Seat to Chundui Township requiring 2 hours to cover 30 kilometers by jeep. It was claimed that a regular bus runs from Chundui to Lhasa; however, the reality was that this bus trip was only possible on nice days. This situation has much improved since implementation of the West Regions Development Program. By 2004, 30.59% of TAR's villages had phones, however, the gap is huge. China aimed to have 95%

¹³ Hu and Wen, 2001.

of all villages with phone service by 2005 (Tibet Academy of Social Science, 2005, 153). Understandably, due to harsh natural conditions, it is not easy to develop infrastructure nor to improve communications, but lack of investment as mentioned above is clearly another key problem hindering development of the infrastructure in rural Tibetan areas. Communication is crucial in economic development and for market participation, but poor information flow acts an obstacle to economic development. It has also prevented people from overcoming isolation, ignorance, conservatism and contentment with memories of the past.

It has been claimed that huge numbers of people are no longer impoverished since initiation of the Open Policy. While it is true that the number of destitute people in the TAR fell from 870,000 in 1978 to 480,000 in 1994, and further fell to 70,000 in 2000 (Wang, 2004, 6), the poverty line set for the TAR is much lower than in other areas of China. Comparing the TAR to Guizhou, another poor province in China, provides perspective. In 1996 the poverty line in Guizhou was 1,000 RMB per capita while in the same year it was 600 RMB for farmers and 650 RMB for nomads in the TAR. In 1998, Guizhou Province increased its poverty line to 1,150 RMB per capita, 65% higher than that of the TAR (Luorongzhandui, 2002, 68). Additionally, certain villages' average income might have exceeded the poverty line, yet the actual living conditions were not what might be imagined. For example, according to Wang (2004, 9), the new poverty line in the TAR was 1,300 RMB per capita, consequently, Nimu County was represented to have risen above the poverty line owing to an average income for farmers and nomads of 1,389 RMB in 2001. However, Nimu is between Lhasa and Shigatse and is not remote compared to other TAR counties. Furthermore, in the same year, 65.3% of Nimu residents lacked access to electricity and 70.2% lacked access to running water. Additionally, among the 35 villages of Nimu County, 24 had no medical clinic, 19 lacked postal access, 26 had no telephone lines and 8 had no roads to the outside. These numbers vividly outline actual conditions in Tibet's countryside at the beginning of the new millennium in a county that cannot be considered "remote".

In contrast, Tibet's cities have flourished, as demonstrated by the huge difference between the TAR's rural areas and cities. Although growing inequality has arisen between rural and urban areas across all China since the beginning of implementation of new economic policies, Tibetan areas, particularly the TAR, display the most dire situation in the entire nation. There are two explanations for this. Compared to the relatively small population of the TAR, the Central Government has set up a large governmental administrative system and associated government employees live in urban centers, comprising a large proportion of TAR's urban population,¹⁴ and enjoying a high salary. As Xu (2004, 226) observed, from 1965 to 1975 the number of government employees in the TAR increased from 62,500 to 114,700, reaching 178,400 in 1980. Under the TAR's poor economic conditions, urban residents' expenditures

¹⁴ In some county seats, government employees and their families make up the overwhelming majority of the population and in some nomad county seats, they are virtually the only urban population.

are higher than those in many of China's more developed coastal areas. For instance, in 1989, the average expenditure of the TAR's rural households was 412 RMB, but the TAR's urban household expenditure was 2,078 RMB, the highest average expenditure for China's cities. Ironically, Shanghai and Guangdong ranked second and third after the TAR. In 1996, the average expenditure of TAR urban households was 4,537 RMB, the fifth highest in China (Nan, 2002, 125). By 2005, the average was 9,040 RMB, still the ninth highest in China. In contrast, in the same year, the TAR's rural household expenditure was 1,532 RMB, the lowest in China (NBS, 2006, 75). This large expenditure in the TAR's cities is supported by high government salaries. As Ma (1997, 39-40) noted, in 1990 the TAR government paid its employees 528 million RMB in salary and 36.32 million RMB in bonuses, amounting to 34% of the total government expenditure for that year.

The TAR urban population's consumption capacity has attracted many non-Tibetans into the TAR, particularly to Lhasa, to start small businesses. In 1984, when policy shifts made it possible for non-Tibetans to run businesses in the TAR, the number of private businesses in the TAR increased dramatically from 498 in 1980 to 13,000 in 1984 and 45,000 in 2001 (Hu, 2004, 64). The vast majority were opened by outsiders from other provinces. For example, as Hu (2004, 66) noted during her research in the TAR in 2001: "Among the 11,000 registered private businesses in Lhasa, 27 per cent have regular licenses, meaning those owners have a TAR Household Registration (*hukou*), and 73 per cent are temporary licensed businesses. The temporary-business owners are from all 30 provinces, autonomous regions, and special municipalities in China."

Another contributor to development and growth of urban areas in the TAR is aid projects supported by the Central Government and other provinces and municipalities. Since the beginning of the new economic policies, the Central Government has poured large amounts of money into TAR funding for example, 43 projects in 1984, 62 projects in 1994 and 187 projects in 2001. As Dreyer (2006, 141) indicated, the Central Government's TAR development effort has been concentrated in showcase projects in major cities. While these aid projects have dramatically transformed TAR's cities, mainly Lhasa, they have also contributed to the rural-urban polarization of Tibetan society, amounting to a facile flourish of progress largely limited to TAR urban areas. In addition, these projects are a major attraction for large numbers of non-Tibetans into the TAR. For example, Hu noted:

"In early 1984, the PRC Central Government decided to fund forty-three infrastructure projects in Tibet, including hospitals, libraries and schools (also several big hotels). These projects were entrusted to nine provinces to conduct the actual construction. All projects, most of which were finished by the end of 1985, were conducted as "turn-key-projects", meaning that whichever province or ministry was in charge of the project would have to bring complete construction teams along with all necessary materials. A total of 19, 000 personnel, including engineers and a large number of construction workers, were brought into Tibet from nine provinces for these construction projects" (Hu, 2004, 57).

Later, the 62 projects funded by the Central Government in 1994 were carried out in the same way. Many entrepreneurial workers quickly recognized the business potential of this undersupplied and overpaid region consequently, these projects made the TAR's major cities into a flourishing showcase and functioned as a "middle man", introducing large numbers of non-Tibetans to the TAR to meet the demand of its overpaid urban population. The TAR's third sector rapidly developed in response. With dramatic growth in private business the distribution of the TAR's commercial outlets reached 1 for every 100 people as early as 1990, much higher than China's average. In 1990, Lhasa's distribution of commercial outlets had reached 1 for every 30 local residents while it was only 1 for every 128 local residents in Beijing (Luorongzhndui, 1997, 176). Such growth in the private sector transformed Lhasa from the least serviced and most isolated city in China into the Chinese city with the second highest density of commercial outlets (Hu, 2004, 44).

4.2.2 The failure of taking local conditions into account

In contrast to this impressive growth flourish in urban areas, the effort to industrialize Tibetan areas has failed. As already mentioned, modern industry was absent in Tibet before 1950. Driven by political ambitions such as "fill up the vacuum," the Central Government invested heavily to establish a modern industrial sector in the TAR by replicating the inland model of industrialization. However, this effort failed to consider unfavorable natural conditions in the TAR, such as lack of energy, the high cost of transportation, the lack of skilled workers and so on. As a result, most modern factories in the TAR suffered significant losses from the day they started operation (Ma, 1997, 33). Government subsidies are still the vital force behind the continuing operation of these factories. As Hu eloquently reported: "In 1985, for every 1 RMB of investment in industry, the state absorbed a 0.45 RMB loss, a rate of "return" that would terrify even the most creative of accountants. In 1992, the total "profit" reported by all SOEs in the TAR was 3.4 million RMB, while at the same time, these SOEs accepted "subsidies towards loss" from the Central Government in the amount of 120 million RMB" (Ma, 1997, 33, cited in Hu, 2004, 47).

According to Hu and Wen (2001, 4-6), China's economic development strategy in the TAR mainly follows the path of traditional industrialization—the realization of industrialization is based on exploiting natural resources. From 1952 to 1997, the TAR's average annual industrial investment accounted for 7.43% of the total investment made by the central government, which is 8.96 points lower than the investment made to the agricultural sector. However, before reforms, from 1952 to 1980, the TAR's average annual industrial investment accounted for as much as 12.86% of total investment, which was 1.74 points higher than the investment made to the agricultural sector, indicating that the TAR focused its development effort on the industrial sector. The situation has changed since the advent of China's Open Policy, but only in small steps. For example, from 1980 to 1997, the average annual investment ratio was 3.26%, which was only 0.86 points lower than the agricultural sector (see Table 4-4). If we examine the investment growth rate, the picture becomes clearer.

Form 1952 to 1997, the annual industrial investment growth rate was 21.22%, 4.71 points higher than the annual agricultural investment growth rate. Again, if we divide it into two periods, from 1952 to 1980, the annual industrial investment growth rate was 26.37%, which was higher than the agricultural sector with an annual investment growth rate of 21.60%, but it was also the highest among all sectors. From 1980 to 1997, the situation had changed somewhat, however, the annual investment growth rate of the industrial sector was 9.28%, which was still higher than the agricultural sector, even though it was lower than the investment growth rate for education and administration (see Table 4-5). Therefore, we can conclude that from 1952 to 1997, the central government's economic development policy focused on the TAR's industrial sector. More strikingly, TAR industrial development was mainly focused on mining and natural resource processing. For instance, in 1997, mining and natural resource processing accounted for 61.9% of total industrial production. As Hu and Wen (2001, 6) argued, if TAR continues this traditional industrialization path, huge damage to the natural environment may ensue.

Table 4-4: TAR's investment ratio in different sectors and periods (%).¹⁵

	The period of planned economy (1952-1980)	The period of transition (1981-1997)	1952-1997
Central government's total subsidy	100.00	100.00	100.00
Investment in industry	12.86	3.26	7.43
Investment in agriculture	11.02	4.15	16.39
Expenditure on education	11.23	21.43	19.74
Expenditure on administration	16.29	17.97	17.69
Other expenditures	48.60	44.49	38.76

¹⁵ Hu and Wen, 2001, 5.

Table 4-5: TAR's investment growth rate in different sectors and periods (%).¹⁶

Sector	The period of planned economy (1952-1980)	The period of transition (1981- 1997)	1952-1997
Central government total subsidy	14.98	10.35	13.39
Investment in industry	26.37	9.28	21.22
Investment in agriculture	21.60	8.74	16.51
Expenditure on education	13.32	24.49	13.80
Expenditure on administration	8.50	13.72	10.40
Other expenditure	22.22	7.59	17.05

Additionally, according to Hu and Wen (2001, 10-11), agriculture and animal husbandry not only play a vital role in Tibetan economic life, but they have powerful impact on Tibetan culture. In addition, Tibet's natural environment is very fragile. Thus, it is crucial to change the traditional industrialization strategy applied to Tibet's economic development policy. We should reconsider the important role of agriculture and animal husbandry in Tibet's economy, and strengthen this fundamental position in promoting Tibet's economic development. The importance of agriculture and animal husbandry can be easily seen from its contribution to Tibet's economic growth. For instance, as Hu and Wen (2001, 11) calculated, since China's open policy, for each 10,000 RMB increase by central government subsidy, total value of agriculture and animal husbandry increased 13,000 RMB, but the total industrial value only increased 3,600 RMB. In other words, the increased value of agriculture and animal husbandry is 3.61 times more than the increased value of industry. However, China's economic development policy in Tibet has mainly focused on promoting industrial development. More strikingly, China's Tibet development policy fails to consider local conditions by implementing development policy similar to that of the inland. By aiming to catch up with the development level of China's inland provinces, pursuing high economic growth measured by GDP becomes the major goal of development. This strategy promoted high GDP growth, but it was achieved only by continued heavy investment from the central government and the depletion of natural resources. Additionally, it had little impact on narrowing the gap between Tibet and inland provinces, while increasing inequalities within Tibet (Hu and Wen, 2001, 12-13).

Like many other parts of the world, China's development is focused on economic growth. While growth is a necessary component of development, development in Tibetan areas is focused on economic growth and heavily driven by central government investment. The huge subsidies necessary to maintain the TAR's government administration and maintain the running of its inefficient industrial sector may serve the government's political goals to

¹⁶ Hu and Wen, 2001, 5.

achieve local stability. However, this situation also creates a dependent, not self-sustaining economy. According to Di et al. (2006, 388-393), from 1952 to 2004, the revenue of the TAR government was on the increase except for a net loss during 1968 to 1987. Government revenue was far from adequate to cover its expenditure. Instead, the TAR government heavily depends on Central Government subsidies. From 1952 to 2004, excepting only 1960 and 1961, the Central Government's subsidy accounted for over 60% of total government revenues in the TAR; in most of these years, it accounted for over 90% of total government revenues. In the 20 years from 1968 to 1987, the Central Government's subsidy accounted for 100% of the total TAR government revenue. The greater portion of this subsidy covered government salaries, cost of government administration and losses made by SOEs.

A self-sustaining economy not only needs to take local conditions and resources into account, but more importantly, local people's full participation in the development process is vital. As a World Development Report pointed out:

“A state that ignores the needs of the large sections of the population in setting and implementing policy is not a capable state. And even with the best will in the world, government is unlikely to meet collective needs efficiently if it does not know what many of those needs are. Reinvigorating public institutions must, then, begin by bringing government closer to the people. That means bringing popular voice into policymaking: opening up ways for individual users, private sector organizations, and other groups in civil society to have their say” (WB, 1997, 110).

However, in tandem with the dependent economy outlined above is the government's persistent failure to achieve full Tibetan participation in the development process. As Xu (2004, 232) pointed out, “through setting up projects for inland construction companies to showcase one by one, the local people become the tourists.”

Though successful development must be based on local realities, the Central Government's development policy has often neglected the reality of Tibetan areas. The attempt to replicate the inland model without taking local conditions into account is a case in point. Additionally, factories set up in this failed effort employed many Han rather than local Tibetans (Yu, 1997, 88). Certain factories were even directly transferred from other, more developed areas by the Central Government. The personnel and most needed materials also came from those provinces (Nan, 2002, 106). Consequently, there was little need for skilled local technicians, and thus the training of local people was ignored. According to TAR realities, animal husbandry should be a prime sector for development; the TAR basically exports raw materials. Moreover, with the failure to establish a locally sound modern industrial sector, the TAR is heavily dependent on imports from other provinces. As Hu (2004, 48) noted: “From 1955 to 1983, imported goods comprised 82 % of all goods sold in the TAR. By 1983, this proportion had reached 94%. On the other side of the ledger, the commodities exported from Tibet to other provinces were limited to animal husbandry products and traditional medicinal products. These exports accounted in 1990 for a mere

6.6% of imports by value (Ma, 1997, 37). In 1995, exports from the TAR only accounted for 1.9% of the TAR's total GDP; while in Guangdong province, exports accounted for 91.6% of its GDP." In addition, exports of local production from the TAR to foreign countries increased from 5.6 million US dollars in 2002 to 27.72 million US dollars in 2004. This was a significant increase within two years but it only accounted for 21.53% of total exports to foreign countries in 2004 (Tibet Academy of Social Science, 2005, 140).

Projects funded by the Central Government after the advent of the new economic policy provide another example illustrating how government has failed to take local conditions into account. As we have seen, the Central Government has dedicated a huge fund to construct relevant infrastructure projects in Tibetan areas. Most projects however, have been constructed by companies from outside the TAR. According to my interview data, Lhasa has about 150 construction companies, which finds confirmation in a survey conducted by Ma and Tanzen (2005). They were informed by the Lhasa Urban Construction Bureau that there were 148 construction companies in Lhasa whose headquarters were located outside the TAR, indicating that most construction companies in the TAR are owned by non-Tibetans. While the Tibetan population accounts for over 90% of the total TAR population, construction companies are mostly owned by non-Tibetans. This is another striking characteristic of the construction of new projects in the TAR. Even more strikingly, construction companies employ a large proportion of Han people from their own provinces and few local people. Local Tibetans' participation in these companies' activities is usually restricted to low skill levels such as mixing sand with cement, carrying loads and so on. As Luorongzhandui pointed out:

"The TAR has experienced many development opportunities since the reforms took place, to some extent due to many aid projects such as "the 43 projects" and "the 62 projects". As social science researchers we have carefully conducted follow-up research for several years about the effect of these projects on the TAR's farmer and nomads. The conclusion is that TAR farmers and nomads have only played the role of low-skilled laborers in these projects, participating only in such jobs as require very basic and simple physical labor. They are willing and enthusiastic to participate and they hope to increase their income by participating these projects that are aimed to increase people's welfare and combat impoverishment. However, language barriers and lack of skills have hindered their participation." (Luorongzhandui, 2002, 72)

Furthermore, Wang Zuo'an (2004, 111), Party Secretary of Shigatse, the TAR's second largest city, after a detailed analysis about poverty reduction models in TAR, pointed out that employment was one of the largest social problems in both China's urban and rural areas. Thus a development model that effectively tackles the problem of China's surplus labour should be considered an efficient one that brings in positive social benefit. However, infrastructure construction projects failed to incorporate local Tibetan participation. Due to such reasons as skill limitation, local Tibetans only participated in unskilled manual labor. Additionally, these projects' implementation heavily depended on the seasons of the year,

they do not continue year-round and salary payment was often delayed. Therefore, these projects had limited impact in solving the TAR's problem of surplus labor.

Outside construction companies dominating the local construction market characterizes Tibetan areas. During my research visits to Tibetan prefectures in Qinghai, Sichuan, Gansu and Yunnan provinces, I generally found only a few small Tibetan construction work teams. People from other provinces are not only involved in construction work in Tibetan areas with relatively good conditions such as lower altitude; they may even dominate the work in places that local people feel are difficult. For instance, during a journey from Xining to Yushu Tibetan Autonomous Prefecture in southern Qinghai in the summer of 2003, road construction was underway. We encountered a group from Shandong Province who were paving the road very near the top of Bayakela Mountain. High altitude makes even local Tibetans suffer from headaches when they cross this mountain pass. One can image what difficulties Shandong construction workers experience in working at such altitudes. Local Tibetan participation in such projects is clearly neglected. While local Tibetans enjoy more convenient transportation after the road's completion, they do not benefit directly from the construction projects that entail huge expenditures. Worse, they learn no construction skills from such projects which present excellent practical learning opportunities. Local people may need, for example, outsiders to return to repair roads when problem arise. More importantly, local people may not be proud of having such improved transportation since they lack a sense of ownership stemming from non-participation.

Even projects directly related to farming are carried out by outsiders in Tibetan areas. For instance, according to Fischer:

“...the irrigation works in the large Three Rivers comprehensive agricultural development project were mostly constructed by out-of-province construction companies. This project accounted for most of the agricultural investment in the TAR under the Ninth Five-Year Plan and focused on the farming valleys around and between Lhasa, Shigatse and Lhoka. While the irrigation works themselves might be commendable for agricultural development and the prevention of erosion, the benefits of the actual construction, in terms of wages, profits and business experience, are largely lost to the local economy” (Fischer, 2004, 77-78).

People from outside directly benefit from these projects as evidenced by a study undertaken by the Chinese Academy of Social Sciences in 2003. Researchers found that in Tangchang Town, Dayi County, Sichuan Province, about half the population worked as construction workers or businesspeople in the TAR and that each year Tangchang receives about 100 million RMB sent home by those working outside (Wang and Zhu, 2005, 13).

These two examples—the story of the establishment of a modern industrial sector in the TAR as well as the history of aid projects—demonstrate failure to seriously consider local conditions and local people's participation as critical in the creation of an economy in Tibet heavily dependent on the Central Government. Whenever there is a development need, the

local government requests Central Government support. Due to its political goals, and because the Tibetan population is small, the Central Government pays to support it (Ma, 1997, 48), therefore the local government's demands are often met. Additionally, as Wang (2004, 113) noted, it was considered a positive working attitude if one actively proposed and obtained funds from upper level government. Such activities provide opportunities to become acquainted with upper-level leaders and thereby increase chances for promotion. Collectively, these factors further clarify why Tibetan market participation is ignored. Instead of developing a self-sustaining economy by encourage local Tibetans participation and utilizing available local resources, local government only seeks help from the Central Government. For many local governments, securing aid projects has become a priority and indicator of development. Therefore, neglecting Tibetans' market participation is to some extent, a direct result of the creation of a dependent economy.

Moreover, many government officials may not understand the market participation needs of local Tibetans and are thereby unlikely to formulate suitable policy. Although Tibetans comprise the majority of government employees, Han occupy the most important positions in government administration. According to the cadre transfer policy of the Central Government, Han cadres should stay in the TAR for three years (Ma, 1996, 75). Additionally, because Han cadres are generally unwilling to work in the TAR, the Central Government transfers them to the TAR with relevant incentives (Ma, 1996, 79). For these reasons they do not arrive intending to work for a long time, and lack motivation for dedicated and creative work. Moreover, as Ma (1996, 370-371) pointed out, unlike Han cadres who worked in the TAR during 1950s and learned to speak Tibetan and even in some cases, mastered the Tibetan written language, most Han cadres now working in the TAR are not motivated to learn Tibetan at all. Given the reality that the majority of Tibetans do not speak Chinese, it is impossible for most Han cadres to communicate well with farmers and nomads; one can hardly imagine such Han cadres proposing locally sound development policies. Furthermore, as Ma (1996, 371) pointed out: "From the point of view of ethnic relations, if Han people learned Tibetan and communicate with the masses in the Tibetan language, it would be much easier for them to be accepted by the Tibetan masses since Tibetans would feel that their culture and language are being respected. This would thus create a harmonious environment that material and financial aid can hardly create." However, it seems government policy is focused on the latter.

At the same time, although Tibetan cadres do not have such language barriers, their ability is limited because of political sensitivities. It is repeatedly emphasized by the Chinese Communist Party and the Central Government that "To be open-minded" (*jiefang sixiang*) is crucial for implementing the Open Policy. This has indeed assisted China in dealing with its challenging task of transforming a planned economy to a market-oriented economy. However, this situation is reversed in Tibetan areas of China, particularly in the TAR, since political stability is a priority. Anything related to Tibetan issues may be connected with political concerns. As Yeh (2004, 111) noted: "Also in 1994, participants in a small, non-violent tax protest in Lhasa were arrested and assaulted by the police, making it the first time an

economic complaint was treated as political protest.... A 1994 TAR government work report states, 'Exploiting "hot" topics in society, incite the masses, sow dissension...and create incidents to undermine political stability and unity and to interfere with reform'." Consequently, even though Tibetan cadres may understand real conditions and local Tibetan needs, they may be unable to promulgate a locally sound development policy within such a challenging political environment. Particularly, because of the political fear of losing their government positions, any such culturally appropriate development policy is difficult to implement.

As Leftwich (2000, 191) argued: "politics matters because politics shapes states, and states shape development. ...politics matters not simply as one amongst many complementary variables in the complex practices of development; but, rather, it matters because it is the fundamental and decisive process that has shaped the definitions, designs, implementation and outcomes of 'development' everywhere." Therefore, given the nature of politics in China and the fact that the state is the critical agent in promoting development in Tibetan areas, it is difficult to implement a locally and culturally sound development policy if the state is not ready to do so or, lacks a strong political commitment. This is manifested by the fact that when good policies are inaugurated, they are often interrupted or only partially implemented. For example, the policy of promoting Tibetan-medium education and Han cadres' learning of Tibetan language responds to realities in Tibetan areas of China and is culturally appropriate. High quality education promotes Tibetans' market participation. "People's skills and health affect their ability to participate in society, escape poverty, cope with economic and natural risks, and contribute to productivity increases and growth. The availability of skilled and healthy workers also shapes the decisions of firms to adopt new technologies, expand, or enter new markets. Education improves health through greater awareness and access to information" (WB, 2005, 137). Therefore, a quality education is essential for Tibetans to effectively participate in the market. However, though the need is starkly obvious, Tibetan-medium education is limited; requiring Han cadres to learn the Tibetan language has never been strictly enforced. Education has greatly progressed since the advent of the new economic policy. Nevertheless, the quality of education in many areas is very poor. For instance, during his research in TAR's Meizhugongka County in 1998, Ting (2004, 343-344) visited Lunbugang Village primary school, just 10 km from the county seat, and found Grade One having a Tibetan lesson in a very dark, smoky room, which was actually the school kitchen. Because the school lacked classrooms the kitchen doubled as a classroom. When he visited the same school again in September 1999, the only change he found was that children were having lessons under a tree since it was a clear day. He also noted that in addition to a lack of reading materials, homework books were often made from old newspapers and wastepaper. The schoolmaster only received 100 RMB per month as salary and had to devote much time to farming and family activities and was unable to concentrate on running the school. This dire situation was in place two decades after implementation of new policies.

Soon after new policies were promulgated following Hu Yaobang's visit to the TAR, most were only partially implemented. Hu Yaobang's six points made clear that TAR people

should be exempted from paying taxes and meeting purchase quotas, but local officials did not fully implement this. For instance, during their 16-month period of research between 1986 and 1988 in the TAR, Goldstein and Beall found that, due to huge profits from selling wool and cashmere, the Central Government's thoughtful and sympathetic policies toward Tibet were contravened at lower levels. They (1989, 632) pointed out: "Under the party's new slogan of "get rich," the wool and cashmere trade appears to be too profitable for the officials of the trade offices to give up an assured supply, despite the law exempting the region from quotas." Consequently, not only did the nomads receive 7.2 times less per kilogram (Goldstein and Beall, 1989, 634), but to some extent, their market participation was limited to contacting government officials.

Yeh's (2004, 123-124) research on greenhouses in Lhasa provides another apt example of how government officials have failed to implement sound policies. In order to help Tibetan farmers enter the burgeoning vegetable market in Lhasa, the Lhasa municipal government, under the World Food Programme-sponsored '3357 projects', built 32 greenhouses, which placed the greenhouses and project implementation under township management. It was decided that greenhouses would be rented to Tibetan farmers at a low price but on the condition that they must cultivate vegetables themselves, thereby forbidding the practice of re-renting greenhouses to migrant Han vegetable farmers. This decision promoted Tibetan farmer participation in the market. However, due to such reasons as lack of vegetable cultivation skills, start-up capital and labor power, most villagers declined to rent the greenhouses from the township—only six village families rented greenhouses. Instead of providing training and loans to help the villagers, the township government simply rented the remaining greenhouses to migrant Han farmers at a significantly higher yearly rate. More strikingly, when Tibetan farmers gained experience in vegetable cultivation and tried to rent the greenhouse from the township, they were denied with the excuse "that Tibetans won't be able to pay the rent."

As Yeh (2003, 288) observed, Tibetan marginalization in vegetable farming was not the result of a deliberate state plan, but rather an unintended consequence of the larger shift from a planned economy to a market-led economy. However, failing to take local conditions into account, the state facilitated Han migrants' domination of vegetable farming. Lhasa vegetable cultivation did not arise spontaneously from market force, rather it was deliberately planned by the state's "vegetable basket" program in the mid-1980s. Before the Open Policy, a few state farms were the main vegetable production base, along with some urban farming cooperatives that also grew vegetables for TAR's urban market. At that time most vegetable cultivators in Lhasa were Tibetans. However, the supply was far from adequate to satisfy urban demand, particularly of Han cadres. As a result, Lhasa government officials called for increased vegetable production. The government supported projects and programs designed to increase vegetable production by encouraging peri-urban Tibetan farmers to cultivate vegetables. Unfortunately, high profit from vegetable cultivation attracted a rapid influx of Han migrants into Lhasa. As Yeh noted:

“...none of these “vegetable basket” projects did much, on their own, to develop Lhasa’s vegetable industry. Indeed, the state’s investment into the construction of these greenhouses do not nearly account for the extent to which the volume of locally produced vegetables has increased. Instead, it was the rapid influx of Han migrants who rented peri-urban village land to build their own greenhouses that significantly increased Lhasa’s vegetable supply” (Yeh, 2003, 294).

Additionally, the real “seeds” of vegetable cultivation in Lhasa were the early Han farmers who arrived in the mid-1980s. For example, impressed by the vegetable industry in Sichuan, the Lhasa Municipality Agriculture and Animal Husbandry Department (*nongmuju*) asked a Sichuan county government for help in developing Lhasa’s vegetable industry and the first three skilled Sichuan farmers arrived in Lhasa in June 1985. Ironically, although the three farmers had rich experience growing vegetables in Sichuan, they did not have experience with greenhouses where year-round vegetable production was needed, as is the case in Lhasa. Their knowledge of relevant greenhouse farming came from a cadre who was already working in Lhasa at that time. Interestingly, by realizing the high profit potential of the vegetable market in Lhasa, they also found time to be entrepreneurial by buying vegetables in Sichuan and selling them in Lhasa. At the same time, Lhasa officials subleased land to them for vegetable cultivation. The three farmers then recruited laborers to work on this land by sending for their wives and other relatives to come to Lhasa. Later, their relatives began to lease more land for vegetable production, and then more relatives and friends from their home places joined them in Lhasa. “Indeed, little teaching seems to have happened, and the expected transfer of skills between these three men and local Tibetan farmers had little effect. However, by staying on in Tibet and leasing land for vegetable cultivation, the three contributed to the development of the vegetable markets in a different way” (Yeh, 2003, 297).

Later, more groups of technical personnel moved from Sichuan to Lhasa and leased land for vegetable cultivation, and also recruited their home area relatives and friends. As Yeh (2003, 297) writes: “...the model of sending technical personnel for technology/skill transfer had quickly been replaced with idea that it was enough to simply send Han farmers to Tibet to grow vegetables.” Gradually, Han migrants dominated the vegetable market in Lhasa; Tibetans are largely excluded. It is clear that, without the government’s careful plan based on the realization of real local conditions such as Tibetans’ limitation in vegetable farming, it is impossible to have inclusive development of Lhasa’s vegetable industry. Furthermore, “According to state development discourse, Han migrants are agents of technology transfer; they are seen as bearers of development, science, and therefore progress to local Tibetans. The original projects of the “vegetable basket program” specifically envisioned a few Han farmers arriving in Tibet and transferring their skills and knowledge of vegetable cultivation to local villagers. Even though early Sichuan farmers were much more successful at bringing their own friends and family to Tibet than widely disseminating vegetable cultivation among Tibetans,” officials continue to insist that experienced vegetable growers from other

provinces have passed on new know-how to local vegetable growers and this has helped raise output (Yeh, 2003, 333-334).

Tibetan market participation potential was strongly affected after the reform in 1984. Tibetans enthusiastically responded to the new economic policy, and actively participated in small business activities even though they historically lack skill and experience in business. This was witnessed by the sharp increase in the number of private businesses from 53 formally registered small business households in 1978 to 498 in 1980. Since the government applied a strict limitation on cross-regional travel before 1984, most newly registered small business owners were Tibetans (Hu, 2004, 57). However, as discussed above, the number of small private businesses soared after the new reform policy promulgated by the TAR government in 1984. Most newly registered small business owners are no longer Tibetans, they are from other provinces. These small businesses satisfy the consumption needs of overpaid government employees and also greatly contribute to the development of the TAR's service sector, maintaining the patina of a flourishing Tibetan urban area. On the other hand, it has limited Tibetans' potential for market participation.

Like other parts of China, the Open Policy aimed to attract company investment. However, the TAR's Open Policy was unsuccessful in this regard. Rather, it encouraged entrepreneurs from other provinces to establish small shops in the TAR, mainly in Lhasa. This is a special characteristic of Tibet since most small shops elsewhere are owned by local people. Given the reality that there are not many labor-intensive industrial sectors in Tibetan areas, these small shops are an ideal place for surplus labor from the agricultural and livestock-rearing sectors. Unfortunately, these potential sectors are occupied by non-Tibetans before Tibetan farmers and nomads are ready to enter. China has a successful story to tell about gradually opening its market to outside investors, but the Central Government has failed again to take Tibet's conditions into account in this regard.

Figure 4.1: A Han woman running a garment shop in a busy market of Huangnan Prefecture seat.¹⁷



With a growing population and limited land, the amount of surplus labor increased yearly. For example, according to Galsang Drolma (2007, 50), surplus labor in 2005 accounted for a third of the TAR's total rural labor force; about 350,000 people. This surplus labor force is relatively small compared to other parts of China, for only a limited number of rural laborers are able to seek non-farmer jobs due to their lack of skill and poor transportation facilities. Additionally, rural labor in 2001 accounted for 79.7% of TAR's total labor force, but only 16,300 rural laborers are involved in the service sector for non-farmer jobs, which accounts merely for about 1.6% of the total rural labor force. While the amount of surplus rural labor is increasing yearly, such laborers can hardly find a job. As Yang et al. (2007, 27) observed, because of a limited number of township enterprises, it is difficult for surplus laborers to find work in their home areas. Additionally, because of a low level of education and lack of skills, Tibet's rural labor has difficulty finding job in urban areas. However, the increasing number of non-Tibetan immigrants has also limited Tibetans' potential for market participation. As Wang (2006, 99) argues, non-Tibetan immigrants may contribute to a flourishing Tibetan urban area; however, it may also block Tibetans' entry into cities, thus maintaining the gap between Tibet's rural and urban and creating conflicts between local people and outsiders. This consequence is clearly not the benefit and purpose of Tibet's urbanization strategy.

¹⁷ Source: fieldwork in the summer of 2006.

Figure 4.2: A Hui woman sells Tibetan handicrafts and ornaments at the corner of the Jokhang Temple, Lhasa.¹⁸



At the beginning of the new economic policy in the 1980s, it was easy to enter a market short of everything. As Hu (2004, 85) noted: “At this phase, the mere capacity of making goods or services available was enough a guarantee of a profit. Other elements, such as personalities, skill and credentials did not have much impact on success. (Han) Migrants whose only skills were in construction work were perfectly able to create successful businesses. Their relatives who joined them found it no more difficult to enter the market of Lhasa.” However, due to historical and cultural factors, Tibetan participation was limited even though many of them actively participated. As many Han migrants recalled in the late 1990s: “We came late. I heard that 10 years ago it was easy to make money in Lhasa. By then Tibetans didn’t know how to bargain; they would pay whatever you asked for. And some nomads didn’t even understand change. They used one bill to buy one thing. After selling their animals, they would come to your shop to buy, say, one box of matches (0.1 RMB) and give you one 10 RMB bill and just leave” (Hu, 2004, 86).

I was told a similar story by a Han migrant who ran a small shop in Lhasa in 2006. Though it was an exaggerated story, it reflects Tibetan limitation in business, and the reality that historically nomads and peasants were satisfied in meeting their basic daily needs by limited business activities such as exchanging grain for meat and salt.

¹⁸ Source: fieldwork in the summer of 2006.

This golden period for Han migrants soon ended with a rapid increase in the number of small businesses, and gradually the market in Tibetan areas, particularly in Lhasa, became more competitive. Unlike in the beginning, it was no longer sufficient to only provide goods and services. The market became more specialized and having appropriate skills became critical for market success. As Hu (2004, 95-96) observed: "In the early days, a woman who could not cook was able to run a restaurant; later, picky consumers could send an established cook back home...When competition intensifies, demand for quality and skills tends to increase in well-established, mature niches in which significant increases in quality can accrue from increased skills." Moreover, many non-Tibetan migrants come to Tibet through the effort of relatives, friends and *laoxiang* (people from the same home area). They established market relations after running businesses in Tibet. These relationships created a further barrier to Tibetans entering the market. For instance, Yeh (2003, 371) noted: "These *laoxiang* relationships further put Tibetans at a disadvantage in terms of finding buyers at the wholesale market who will give them a decent price for their produce. Once certain market relationships are already in place, it becomes harder for others to break into that market." This means that much tougher barriers exist for entering the market. If Tibetans are ready to explore the market after some years of experience under the new economic policy, their entering the market is no longer easy.

Additionally, given the harsh natural conditions, many Han migrants may not choose Tibetan areas for their adventures if they can make the same profit in other parts of China. Many non-Tibetans who are running businesses in Tibetan areas have already explored other provinces before going to a Tibetan area, and therefore have related experience when they start businesses in Tibet. This is confirmed by Hu's research in Lhasa: "Many migrant businesspeople in China have a personal history of entering and exiting various economic endeavors multiple times in many localities. Such is also the route taken by most migrants I interviewed in Lhasa" (2004, 163). As a result, Tibetans who enter the Lhasa market have added difficulty since they must compete with experienced non-Tibetans.

With the increased number of non-Tibetans running small businesses in Lhasa, Chinese has become the business language. In the early reform period, non-Tibetans might have found it difficult because they did not speak Tibetan, which was a barrier to business development. However, today, not speaking Chinese is a barrier for Tibetans running businesses in Lhasa. As mentioned above, the government failed to implement the policy of Han cadres learning Tibetan, and increasing number of Han flow into Lhasa to set up their businesses. Therefore, Lhasa resembles a small Chinese city with Chinese as its commercial language. Consequently, Tibetans who do not speak Chinese find it difficult to operate a business in Lhasa. However, Lhasa is the biggest commercial center in the TAR. If TAR surplus laborers are able to find a job, their success depends on their experience, skill and connections, and also on their mastery of the Chinese language. At the same time, without knowing Chinese, Tibetans also find difficulty in learning relevant skills since most materials are only available in Chinese. As Yeh (2003, 364) observed, most middle-aged and older Tibetan villagers cannot read Chinese consequently, they cannot understand instructions on how to use pesticides and other

agricultural chemicals. Most manuals and booklets about vegetable farming are only available in Chinese and are thus not useful for older Tibetan farmers. Additionally, as mentioned already, “Although Tibetans attribute a great deal of experience and “skill” to the Han, most Han migrant vegetable growers do not see themselves as possessing much of either. While most Han migrant farmers did grow a variety of vegetables at home in Sichuan and Henan for their own consumption, few had experience either with greenhouses or with producing vegetables for market sale. When asked about their vegetable-cultivation skills, about half of the migrant farmers I interviewed said that they “read book” to learn how to grow vegetables” (Yeh, 2003, 364).

This failure to consider local Tibetan conditions, and the consequent neglect of local people’s market participation, is further demonstrated by government expenditure. As Fischer (2004, 64) recounted: “9 per cent of government expenditure in China in 2001 was spent on government administration, about 10 per cent in Qinghai and almost 14 per cent in the TAR. In contrast, 15.5 per cent of expenditure in China was spent on the operating expenses of education, 10 per cent in Qinghai and only 8.5 per cent in the TAR.” But in the same year, the illiteracy rate was about 45 % in both the TAR’s rural and urban areas. Additionally, China’s expenditure on public health was just under one-half of the expenditure on government administration, whereas in the TAR it was about one-quarter. Expenditures supporting agricultural production in China was about one-fifth of the expenditure on government administration, whereas in the TAR it was less than one-tenth, even though it is the most agrarian region of China. As Fischer (2004, 69) pointed out: “Government expenditure in the TAR is heavily biased towards state control and large construction projects at the expense of local human development relative to the rest of China.”

As have mentioned earlier, the standard of living of Tibetans has improved since the advent of the new economic policy. Particularly, since the beginning of this century, by recognizing the huge gap between China’s rural and urban, the government emphasized the importance of increasing farmers’ incomes and improving agriculture and rural development through relevant policies and programs. Tibetan farmers and herders have benefited. This is witnessed by the large increase of per capita net income of rural households in Tibet from 1,331 RMB in 2000 to 2,435 RMB in 2006, an increase of 82.9% over 6 years (NBS, 2007, 368). Additionally, for many Tibetan villages, non-farm income consists of a large portion of their total income. Non-farm income even plays a dominate role in some villages. For example, according to Goldstein et al.’s (2008, 526) data, the three villages they studied obtained about 70% of their total income through non-farm activities in 2005, indicating the number of Tibetan farmers who engaged in non-farm activities had dramatically increased in the previous decade. They noted that the three villages earned substantial amounts from their non-farm activities. For instance, Norgyong Village was chosen as an average village in terms of wealth among the three villages. Its per household net income from non-farm work increased 903% from 1997 to 2005. However, the majority of Tibetans are engaged in various types of unskilled manual labor jobs such as construction work-carrying loads, mixing cement and so forth, while increasingly farmers are also engaged in skilled jobs such

as carpenters, masons, drivers and other entrepreneurial activities. Additionally, Goldstein et al. (2008, 521) emphasized there were no government-organized programs to assist rural villagers find work. Each household must arrange this through friends, relatives and subcontractors. Particularly, the rapid spread of land-line and mobile phones in rural Tibet has played a key role in this process. For example, in the two more developed study villages, 79% and 66% of households had phones and often obtained information and arranged work by phone. Nevertheless, by 2006, nearly half of the villages in the TAR lacked phones (Tibet Academy of Social Science, 2007, 125).

Most importantly, farmer participation in non-farm activities is largely dependent on job availability. Migrant labor needs in other parts of China is driven by development of industry and manufacturing, particularly, labor intensive industries. However, as I have discussed, development in Tibet is almost entirely dependent on central government investment. Additionally, most contracts for government-invested projects go to non-Tibetan migrants. Therefore, without taking Tibet's local conditions into account, and to seriously address Tibetan limitations, it is impossible to have sustainable economic development that mostly benefits local people. As Goldstein et al. (2008, 531) concluded: "Despite the overall positive impact of the new paradigm, the concomitant dependence on the income it has created raises important concerns about the long-term viability of this approach. Since the availability of jobs is the result of expensive large-scale government development projects (and not the growth of an independent Tibet manufacturing and industrial sector), a major question is whether the Chinese government will continue to fund Tibet at this level in the years ahead." To add to this, if the government continues investing in Tibet without firmly addressing Tibetan limitation in market participation, Tibetan marginalization will continue because huge investment will attract more experienced non-Tibetan migrants.

4.3 Business development policy and its impact on Tibetans

As discussed in chapter two, small businesses are usually rooted in local communities, are labor-intensive and use simple production techniques. Therefore, they better serve local needs, particularly in poor areas since they possess abundant labor but little capital. More importantly, promoting small businesses is one of the surest ways to encourage employment. Additionally, Tibetan market participation is largely reflected in small businesses operation. For these reasons, this section explores small business development in Tibetan areas, focusing on how business development policy affects Tibetan market participation. Did policy promote and assist Tibetan involvement in establishing small businesses?

Since the new economic policy was implemented, the private sector gradually became the backbone of China's economy. This is particularly the case in most coastal areas. The share of the private sector in west China, particularly in Tibetan areas, is limited. However, with the introduction of the Western Development Program, the Central Government has placed significant emphasis on private sector growth. To this effect, it has created policies that seek to provide a stable foundation and a supportive environment for the development of this

sector. Tibetan areas fall under the specific policy targeted at developing western regions of China. Within each Tibetan prefecture/region, guidelines have been drafted to encourage investment in and development of specific businesses. However, again, these developmental policies mainly target investors from outside the Tibetan community, leaving Tibetan entrepreneurs with no comparative advantage.

In general, all business sectors are open to any company or individual. For such businesses as banking and communication, privatization has been prohibited or restricted by state law. Certain other businesses are prioritized for support and development. These include:

- Infrastructure building through investments in capital and technology.
- Agriculture, forestry, mining and animal husbandry.
- Public service including electricity, water supply, gas and environmental protection.
- Reform of state-owned enterprises through processes of share-holding, contracting, annexing and purchasing.
- Education, particularly higher and vocational education.
- Tourism.
- Minority products, including Tibetan medicine.
- Consultancy services, including finance and business development services.¹⁹

The government has provided incentives for companies and individuals to start private businesses, particularly the above-mentioned businesses. The following is a list of the incentives:

Reduced company registration fees

The minimum financial requirement for company registration in China is 100,000 RMB. However, in Tibetan areas, companies may pay less than the minimum requirement. For example, only 50,000 RMB is required for registration in Aba Prefecture, Sichuan Province. In Gannan Prefecture, Gansu Province, a provision allows investors to first register a company, even though it may not satisfy the minimum requirements, and gradually pay the registration fee. For prefectures in Qinghai Province, initial registration is 10,000 RMB with remaining funds to be paid within three years. After three years, if the company cannot pay the balance, the Industry and Commerce Bureau may determine the registration amount according to the actual funds the company has in its account.

Preferential policies

In general, preferential policies aim to attract investors from outside the Tibetan community, or these policies apply to everyone, but there are no preferential policies specifically targeted at encouraging the set-up of Tibetan or other minority owned enterprises. In many instances where there are preferential policies, they exist only on paper and are seldom implemented. Therefore, it is challenging for many private businesses in Tibetan

¹⁹ This information was obtained from the Industry and Commerce Bureau of Aba Prefecture, but pertains to all other Tibetan regions.

areas to develop and grow. The preferential policies that exist on paper are mainly manifest through administrative fees, taxation and land rights.

- Administrative fees

Administrative fees, such as market administration charges, construction charges and registration fees may be either cancelled or reduced according to the preferential policies of the prefecture. Administrative fees differ among prefectures.

- Taxation

Until the year 2010, if a company (in industries favored by the government) makes 70% of its total income from its main businesses, its income tax rate will be reduced from 33% to 15%. Income tax is waived for two years if investments are made in transportation, hydro-power, irrigation work, postal industry or the development of broadcast and TV. For those investing in such environmental protection projects as re-forestation and special farming products, taxes are waived for 10 years. Taxation policies differ among provinces. A detailed taxation policy follows for the TAR:

For enterprises in the autonomous region invested in by foreign investors or investors from Hong Kong, Taiwan and Macao, the enterprise income tax is collected at a rate of 10%. For enterprises in the region operated by investors from other provinces and engaged in promoted industries and projects, the rate of enterprise income tax is 15%. Enterprises are exempted from enterprise incomes tax for a certain period of operation if they are engaged in such infrastructure projects as irrigation, energy, traffic, public works and commonweal; are pursuing planting, livestock breeding and forestry involving exploitation and utilization of “wasteland, desert and barren mountain”; and high-tech, independent accounting, commercial and tourism enterprises. Enterprises engaged in education or public health on a considerable scale are exempt from income tax.

- Land rights

Companies or individuals who invest in undeveloped land or mountain areas for the purpose of forest development, and for transforming hilly farming land into grassland, are eligible to use the land free of charge for 50 years. Land rights can be inherited or transferred to others for compensation. If the government wants the rights to the land back, the investor must be compensated according to relevant laws. Land rights policies also differ among provinces.

Even though there are extensive policies to support private business, they are often not implemented. According to government officials, Tibetan entrepreneurs and other local people, preferential policies are too general and have not been tailored to the realities of specific regions.

Where these policies are implemented, they may not be consistent throughout the prefecture. For example, in Tongde County, Hainan Prefecture, Qinghai Province, the Industry and Commerce Bureau failed to make clear what the standard administrative charges are. Thus, within one prefecture, administrative charges differ, with the Industry and Commerce Bureau of Tongde County charging 100 RMB and the same bureau of Gonghe

County charging only 60 RMB. This discrepancy reflects widespread policy implementation problems.

In fact, the government may not fully implement preferential policies reducing tax or administrative charges because it wants to continue receiving revenue from these charges. In other respects, government officials may not be able to provide effective support to private businesses because they are unaware of how to do so.

Government corruption is also a consideration. Individual businessmen from Ganzi Prefecture have pointed out the unfairness in obtaining beneficial policies, such as reduction of taxes and administrative charges, which rely heavily on an individual's "personal relations"; ability to get things done through the "back door." These practices undermine the validity of preferential policies and highlight the reality of doing business in these areas.

Since 1998, the national government has been involved in a major overhaul of its SOEs in support of more efficient modes of production. Certain efforts sought to reform SOEs through privatization, with the goal of complete reform by the end of 2003. In most places, this was not achieved and the goal date was extended to late 2004.

SOEs play a significant role in the overall business environment of Tibetan areas. With an Open Policy for nearly 30 years, the private sector has become much more important to economic growth in eastern China. However, in western China, economic growth is heavily dependent on SOEs because they are still the engine of the economy, accounting for the majority of investments, production and employment. Completing the SOEs' transition to more sustainable and efficient modes of production is an important step to the long-term benefit of these areas and their inhabitants.

Two main methods are used in the reform of SOEs. The first is to sell SOEs to individuals and private enterprises. The other is to introduce the shareholder system so that external investments can be introduced and state capital can be withdrawn. In general, SOEs specializing in hydropower, electricity, telecommunications and postal services have reformed with relative ease because these are principally monopolistic industries and have no competitors in the market. In contrast, manufacturing and mining enterprises have had a more difficult time with reform. Cold storage, meat processing and leather processing plants have become bankrupt one after another and shut down.

Bankruptcy and foreclosures highlight the many problems that have emerged as a result of the SOEs' reform. Many SOEs operated using inefficient production structures and systems, employing too many workers. In the reform process, SOEs have either become bankrupt or sold to private businesses. Whatever the reform method, many employees have been laid-off as a result. This is a government concern because many laid-off employees can add to social instability. The government is thus caught in a paradox of quickly completing the reform process while simultaneously keeping it slow enough to maintain social stability.

Another challenge for reform in these areas is few private businesses are able to purchase SOEs. The government has also had difficulty finding sufficient external sources to invest in SOE reform. Where private businesses have taken over SOEs, further complications arise because governmental sectors do not grant the newly-formed private enterprises sufficient

authority to manage the business. These private enterprises also must shoulder the extremely heavy burden of re-employing former workers and paying off past debts.

These reasons combine to make complete reform of SOEs a slow, difficult process, hindering the growth and expansion of a true market economy. SOE reform is particularly slow in the TAR. Among the 4,578 SOEs in the TAR, only 65 had been reformed by the end of 2003. The remaining enterprises follow old production methods and are in difficulty. Of all the Tibetan areas, the reform process of SOEs has been the slowest in the TAR. One reason for this is the important consideration of maintaining social stability. In addition, government officials, more so than in other regions, are chiefly concerned with short-term gain. There is little concern for the overall sustainability of economic growth. Private enterprises also seek to retain SOE benefits even after privatization.

More importantly, as a World Bank report noted:

“Developed financial markets provide payment services, mobilize savings, and allocate financing to firms wishing to invest. When these markets work well, they give firms of all types of ability to seize promising investment opportunities. They reduce firms’ reliance on internally generated cash flows and money from family and friends-giving them access to external equity and debt, something that smaller firms in particular often lack. They allow poor entrepreneurs to grow their businesses, even though they have little money themselves. Well-functioning financial markets also impose discipline on firms to perform, driving efficiency, both directly and by facilitating new entry into product markets. And they create opportunities for firms and households to manage risks. As a result, financial market development leads to faster growth in productivity and output” (WB, 2005, 115-116).

However, financial systems in Tibetan areas are underdeveloped and heavily dependent on the mechanisms of a planned economy. There is no capital market in Tibetan areas. Non-banking financial institutions do not exist. Banks represent the only source of institutionalized credit available to Tibetan entrepreneurs, but accessing credit is difficult.

In line with the general transition from a planned to a market-based economy, banks are reforming to better meet the needs of a changing society. However, the reform process is still going on and many systems, such as the system to guarantee loans to private businesses, are not yet in place. The lack of such systems makes it virtually impossible for Tibetan entrepreneurs to apply for and receive loans, compounded by the fact that most Tibetan entrepreneurs cannot write detailed financial and business plans. Primary research presents anecdotal evidence of the difficulty in acquiring loans: in Ganzi Prefecture, Drago Highland Barley Winery needed capital in the amount of one million RMB shortly after the plant was to start production. They applied for a bank loan but were rejected. In Tongde, Xinghai and Gonghe counties of Hainan Prefecture, *Caoyuan Xingfa*, is a well-known business that

manages three separate companies and has the ISO²⁰ 9000-2000 quality management system. In 2003, production totaled 8 million RMB. Yet even this successful business could not obtain loans from local banks.

In the few instances when banks provide loans, the successful recipients are reformed SOEs. However, as the following anecdotal evidence shows, even reformed SOEs are not guaranteed loans. In Hainan Prefecture, some reformed SOEs have made significant advances in financial management and technology by improving production methods, asset building ability and technological innovation, but have been unable to secure loans from banks.

Faced with such difficulties, most Tibetan entrepreneurs rely on informal credit, such as borrowing from family and friends, for their finance needs. These credit structures are too limited to support significant growth and expansion of the private sector. Access to institutionalized finance and credit was identified to be one of the greatest obstacles to small business development in Tibetan areas.

Like most non-Tibetan owned businesses in Tibetan areas of China, most Tibetan-owned businesses are made up of small retail shops, service-related businesses and, sometimes, seasonal sidewalk businesses. In addition, where there are Tibetan-owned businesses, they are concentrated in the sectors that rely on marketing and selling Tibetan goods and culture, such as Tibetan handicrafts and ornaments, Tibetan medicine, Tibetan restaurants and bars and Tibetan-style hotels and services.

Most Tibetan entrepreneurs are the only decision-makers for their businesses and rarely delegate responsibility to managers or boards of directors. Apart from a few large companies, many companies lack a formal organizational structure. More importantly, although some Tibetan entrepreneurs have received some education, including some college graduates, most have had no business training. As such, they do not have specific management and administrative abilities. For example, they do not know how to write efficient business plans, prepare financial plans and reports, and how to conceptualize marketing strategies. Many do not know how to efficiently manage their daily tasks, such as book-keeping. All these factors emphasize the urgent need for business development service.

As discussed in chapter two, business services have become key sectors in most economies because of the rising significance of knowledge and information in determining competitiveness. More specifically, given companies' limited resources, they cannot focus on everything, but rather on their core area of competence, sticking to what they know best. Therefore, access to business service becomes an important dimension for a better business environment. However, business service is one of the least developed sectors in Tibetan areas of China, and rarely are there any business services in the Tibetan areas. For example, according to information provided by Administration Bureau of Industrial and Commercial, Huangnan Tibetan Autonomous Prefecture, no business services exist in the Huangnan area.

²⁰ International Organization for Standardization (ISO) is a widely-used international standard of quality assurance.

Reasons for lacking business service in Tibetan areas are largely due to the small market force. As China gradually transforms from a planned economy to a market-oriented economy, market based economic systems are not well developed. This is particularly the case in western regions. As mentioned, the situation is more dire in Tibetan areas because the mechanisms of a planned economy play a significant role in the overall business environment. As a result, government remains the major entity providing business services. Moreover, a market-friendly approach means government compensates for major market failure by paying for goods and services of great importance to society and buys goods and services on behalf of social groups lacking necessary purchasing power, and thereby provides a safety net for the poor (Martinussen, 1997, 268). Therefore, if government aims to promote business development in Tibetan areas, in particular, the inclusion of Tibetan market participation is considered critical for its development strategy, providing business development services that aim to promote Tibetans participation in the market is crucial. However, as discussed above, government often fails to take local people's needs into account and thus has failed to take the needs for business development service into account. Instead, government has focused largely on basic infrastructure building. Of course, such an effort is necessary, improves the business environment and contributes to economic change and growth. But the reality in Tibetan areas is that improved infrastructure such as better transportation and communication has encouraged many non-Tibetans to flow into Tibetan areas and establish businesses, while capacity building for local Tibetans promoting their participation in the market is largely ignored. Moreover, Tibetan entrepreneurs' needs for business services are rarely met.

Where companies provide business service, it is usually only available in Chinese, despite the majority of Tibetans not speaking Chinese. Therefore, limited business services available in Tibetan areas hardly targets Tibetan business development.

Socioeconomic development is closely tied to the growth of transportation and communications, particularly highway transportation. On the other hand, without growth of transport and communications the commodity economy cannot flourish. Poor transportation restricts the flow and turnover of freight, and poses serious obstacles to economic growth. This is abundantly clear in Tibetan areas. Poor transportation and communication systems block circulation of information. However, limited information and business service available only in Chinese means that Tibetan businessmen can hardly obtain accurate information crucial for business development.

Language is a barrier for Tibetan business development, because most Tibetan businessmen do not speak good Chinese, which limits their ability to expand their business to non-Tibetan areas. It is very difficult for them to communicate directly with non-Tibetan businessmen. This is also a reason that middlemen (mostly Hui) take most of the value-added portion of a product. Many Hui speak both Tibetan and Chinese and can easily use their language skills to function as a middleman. On the other hand, it is ironic that not knowing Chinese is a barrier for Tibetans conducting business in Tibetan areas. Consequently, the government must bear some responsibility for not creating a conducive environment for local Tibetan market participation.

Because a significant portion of all enterprises in Tibetan areas are involved in mining and Tibetan medicine production, both of which are extractive industries, there is general concern among local officials, Tibetan business owners and local people that irreversible damage is being done to the natural environment. Using the policy for developing Western Regions of China as a guideline, enterprises involved in mining must hand in detailed schemes on site choice, means of production, time limit for extraction and the amount to be extracted. Included in these schemes are analyses of environmental impact and concrete measures that are being used to protect the environment. The local government also provides requirements and written instructions on how to comply with regulations.

Despite the importance placed on environmental protection, these measures conflict with many government-supported enterprises, particularly those relying on mining. Thus far, implementation of environmental protection measures has not been sufficient. Also insufficient is appropriate guidance on how to dispose of wastes, how to deal with contaminated water and how to limit air pollution. Local people are aware of these problems, and hope that government organizations and enterprise owners can solve the conflict between economic development and environmental protection.

A related problem is that collection and sale of medicinal herbs used in the production of Tibetan medicine is the major source of income for many local people, yet such activities seriously damage the fragile vegetation and ecological environment in local areas. Although governments at province and prefecture levels repeatedly forbid unplanned and indiscriminate digging, many local people do not stop because their livelihood depends on the herbs.

For most Tibetan areas, tourism is an important sector for economic growth, but has a negative impact on the environment. For example, in Qinghai Province, restaurants and recreational centers at Qinghai Lake are a threat to local species of fish and rare birds. Desertification of grasslands is also a growing environmental problem caused by over-zealous economic activities.

Despite these concerns and problems; despite the realities that Tibetans are marginalized in the market, economic and business development policies further encourage the opening of Tibetan areas. According to research conducted by the Committee of Development and Reform, Association of Industry and Commerce and the Academy of Social Science of the TAR, the TAR government promulgated a new policy to further promote development of the private sector in 2005, summarized as the “Four Openings” (*si fang*), “Five Unlimited” (*wu bu xian*) and “Five No Matter” (*wu bu lun*). “Four-Openings” emphasizes further openness in terms of business policy and implementation; “Five Unlimited” suggests that there are no limitations in terms of how to conduct business, no limitations for the business sector, no limitations for where people originate, no limitation for the size of business and no limitation for business growth. “Five No Matter” ignores what type of business it is. It is fine if it works; no matter to whom it belongs, it is fine if it pays tax; no matter if it is private or public, it is fine if it promotes development; no matter if it is within or outside the TAR, it is fine if it

encourages the market to flourish and no matter the size of the business, it is fine as long as it makes a profit.

Such policies further promote the development of the private sector in Tibet. The number of private businesses in the TAR increased from 45,000 in 2001 to nearly 62,000 by the end of 2005. However, again, such policies fail to take the reality of Tibetan participation in the market into account. Consequently, such policy attracts more non-Tibetans to Tibetan areas and contributes to the growth of the economy, while local Tibetans are further marginalized in the development process and become 'tourists' enjoying the showcases built one after another by people from other parts of China.

Chapter 5 Education and Market Participation²¹

To Weber, "...only methodical activity of extreme rigor and continuity in large groups of people had the capacity to call forth a "revolution" against the traditional economic ethic. Instrumental action on behalf of a goal to accumulate wealth does not possess the indispensable sustaining power to do so" (Kalberg, 2002, xxviii). In addition, how did the "revolution" that brought economic traditionalism to an end take place? What are the sources of this monumental shift to a modern economic ethic? How did it happen that work moved to the center of life? To Weber, the approach to work "as if it were an absolute end in itself...is not inherently given in the nature of the species. Nor can it be directly called forth by high or low wages. Rather, it is the product of a long and continuous process of education and socialization" (Kalberg, 2002, xx).

'The proposition that education is a requisite for economic "growth" is today virtually a platitude' (Anderson and Bowman, cited in Mitch, 1990, 29). Although the relationship between education and economic growth is not conclusive, sufficient evidence suggests that education is a necessary factor in economic development and that high levels of human capital enhance the prospects of economic development (Nunez, 1990, 130). Although it is unconvincing to argue that education alone causes economic growth, education clearly is a key component. Berend (1990, 174), for example, observed that economic history presents a rich collection of historical evidence that countries of higher educational background became the pioneers of, or best adapted to, the Industrial Revolution.

With advances in technology, especially in computing power and in telecommunications, international information flows at high speed and in great quantity, creating increased economic activity and competition. Andersson et al. (1986, 26) argue that today it is no longer the most capital-intensive enterprises that are expanding the most. Instead, knowledge, work organizations, research and marketing are decisive. A high, consistent educational standard and an advanced, geographically well-distributed research system are among the most important means of achieving full employment. Much depends on how successfully the benefits of new technology are utilized; the ability to acquire new knowledge enabling adaptation to new obstacles.

There is a growing consensus that human capital is an important determinant of productivity both at the individual and at the aggregate level. In particular, it plays a crucial role in today's knowledge-based economy. By reviewing relevant literature, Fuente and Ciccone (2003) conclude that investment in human capital contributes significantly to productivity growth for it plays a key role in fostering technological change and diffusion; and human capital investment appears attractive relative to alternative assets, both from the individual and aggregate perspectives. They further point out that investment in people is

²¹ An earlier version of this chapter was published in Wang (2007).

compatible with increasing social cohesion. ‘Human capital is considered to be a crucial input for the development of new technologies and a necessary factor for their adoption and efficient use, but it is also a prerequisite for employability and an instrument for fighting social exclusion and gender discrimination’ (Fuente and Ciccone, 2003, 6).

Empirical studies of the contribution of human capital to growth and employment in Germany and France conducted by the European Union present similar findings. This research further observes that schooling has a strong impact on wages and a smaller but still significant impact on participation and employment. In particular, they observe that these impacts are larger in poorer regions. Similarly, Sperling points out (cited in Littrell and Baguma, 2005, 302) that each year of additional schooling in poor countries raises a child’s future earning power by 10 to 20%, and that ‘access to education will be critical in determining whether new trade brings increased opportunity or inequality in these nations’ (Littrell and Baguma, 2005, 302).

As a World Development Report noted:

“By improving people’s ability to acquire and use information, education deepens their understanding of themselves and the world, enriches their minds by broadening their experiences, and improves the choices they make as consumers, producers, and citizens. Education strengthens their ability to meet their wants and those of their family by increasing their productivity, and their potential to achieve a higher standard of living. By improving people’s confidence and their ability to create and innovate, it multiplies their opportunities for personal and social achievement.” (WB, 1991, 56)

This report further argued that education was crucial to promote entrepreneurship at least as powerfully as cultural factors. In general, entrepreneurship is a matter of skills linking innovation and production. Entrepreneurial ability has focused on a combination of risk-taking, individual responsibility, long-range planning and organizational ability. Education promotes all four. Therefore, entrepreneurship is a critical channel through which education raises economic productivity.

More importantly, a conducive environment is crucial for people to participate effectively in the market. However, a better investment climate goes hand in hand with enhancing human capital. A better-educated person absorbs new information faster and applies new processes more effectively. In the dynamic environment of technological change, a skilled workforce is important for companies to adopt new and more productive technologies. Thus

“Government support for education and training affects the prospects for individuals and the ability of firms to pursue new opportunities. Many firms in developing countries rate inadequate skills of workers as a serious obstacle to their operations. Governments need to take the lead in making education more inclusive and relevant to the skill needs of firms, strengthening quality assurance mechanisms, and creating a sound investment climate for providers of education and training services” (WB, 2005, 11).

With rapid technological change in agriculture, farmers learn novel farming techniques. Since better educated farmers are better positioned to learn and apply new technology, education has a strong, favorable impact on agricultural productivity. According to Briones (2006, 103), education raises non-farm income in China, while promoting income diversification, and has a positive effect on decisions to move beyond the farm. Studies of rural India show a positive link between education and non-farm activities. Education's vital role in securing profitable businesses and high-wage employment is widely acknowledged in India. For example, when other factors are constant, a person with secondary education earned 168% more than a person who had completed no formal schooling (Briones, 2006, 103).

A similar situation exists in Tibet. Figures from the Ministry of Education in China (2006, 1) show the connection between an individual's education and annual income. In Tibet, families whose main householder is illiterate had an annual income of 1,562.43 RMB. In contrast, where the main householder had a primary school education, the annual average income was 1,863.83 RMB. Families with a main householder with a junior middle school level education had an annual average income of 3,762.57 RMB, more than twice that of the average illiterate householder's family. Where the education level of the main householder is above the senior middle school level, the average annual income is 6,384.41 RMB, four times more than the income of an illiterate. The extra money earned with higher education level is impressive, but it is also important to understand how households calculate the trade-off of having their children in school rather than contributing to household prosperity through labor in household tasks such as herding. These figures vividly illustrate the vital role of education in the cash income that can be earned by Tibetan households.

In this brief discussion of the important role of education in promoting economic development and people's participation in the market, and given the current poor educational performance in Tibetan areas of China, it is important and worthwhile to explore educational issues to better understand the difficulties faced by the Tibetan community in the market. Many recent studies on China's western regions have revealed the crucial role of education in economic and social development. For example, both Yang Lin (2005) and Chen Luo (2004) studied human resources in China's western regions, which include all Tibetan areas of China. Although they explored this issue from different perspectives, each concluded that the development of human resources is the key factor in promoting sustainable economic development and social cohesion. In addition, because about 60 to 80% of Tibet is ecologically fragile, a non-resource based approach must be adopted in developing Tibet (Ng and Zhou, 2004, p. 554), reinforcing the crucial role of education in economic development in Tibetan areas of China.

Particularly, in order to get a better understanding of the difficulties faced by the Tibetan community in the market place, this chapter will focus on skill-oriented education. Secondary and vocational education is crucial in forming and providing skills needed for individuals to be able to compete and obtain jobs. Therefore, this study is focused on secondary and vocational education. It starts with a brief review of the development of education in Tibetan

areas of China. Secondary education is discussed in detail with a focus on the education quality of current practices. Finally, it concludes that it is essential to improve the quality of secondary education by adapting proper teaching methodologies and languages of instruction. Additionally, having vigorous vocational training programs is essential to promote Tibetan market participation.

5.1 Brief review of Tibetan modern educational history

Before 1950, attempts were made by government and individuals to set up modern secular education systems and schools, but such efforts were short-lived and monastic education continued to dominate. Official Chinese sources estimate the illiteracy rate at 90% in 1951 (Bass, 1998, 2).

The Seventeen Point Agreement, signed in 1951, stated that “The spoken and written languages and the school education of the Tibetan nationality shall be developed step-by-step in accordance with the actual conditions of Tibet”. This statement was the starting point for modern secular education in Tibet. The first primary school was established in Changdu in 1951, and another two primary schools were established in Lhasa in 1952. By 1959, the number of primary schools in the TAR increased to 462 with 16,300 students, and in addition there were two secondary schools and one specialized school (Bao and Su, 1997, 279). However, it was initially decided that Tibet was not ready for the ‘socialist transformation’ taking place elsewhere in China, as a result of which monasteries continued to be the main educational institutions (Bass, 1998, 29). In particular, because of historical, political, geographical and economic factors, and because almost no secular education existed before 1950, the education level in Tibetan areas of China remained several steps behind that of other ethnic minority regions in the development of state schooling in the 1950s. This gradualist approach to education was replaced after the Tibetan Uprising of 1959 (Postiglione et al., 2004, 201).

In 1951, the First National Conference on Minority Education took place in Beijing. This conference emphasized that training minority cadres for government administration was the main task of minority education. It also made clear the importance of strengthening primary education and adult education. In order to implement this policy and train minority cadres, several educational institutes were established from 1951 to 1958, namely, Central Nationalities Institute in Beijing, Southwest Nationalities Institute in Chengdu, Northwest Nationalities Institute in Lanzhou, Yunnan Nationalities Institute in Kunming and Tibetan Nationalities Institute in Xianyang. Apart from Yunnan Nationalities Institute, all these institutes established Tibetan classes. Students were recruited from Tibetan areas of China and included Han Chinese. After training, the majority of students worked in government administration.

Primary and secondary education saw rapid growth during this time. As Gasang Caidan et al. (1998, 140) noted, by 1965, there were 1,822 primary schools with 66,781 students in the TAR. By 1979, the number of primary schools had increased to 6,000. However, most of

these schools were community (*minban*) schools, and many were eventually closed because of poor quality. The first secondary school was established in Lhasa in 1956. This number increased to 78 secondary schools in the TAR in 1979. Similar progress was observed in Tibetan areas in Qinghai, Gansu, Sichuan and Yunnan provinces. For example, in Yushu and Guoluo Tibetan autonomous Prefectures of Qinghai Province, the number of primary schools increased from 4 to 300 between 1949 and 1983 (Gasang Caidan et al., 1998, 141). According to information provided by the Sichuan Education Bureau, by 1965, there were 537 primary and middle schools in Tibetan areas of Sichuan Province, and this increased to 2,568 in 1983.

This accords with what happened in other areas during the Cultural Revolution. This was a disastrous time for education and society. All schools closed for several years. Primary schools reopened in 1969, and university entrance examinations were reinstated only after 11 years. The emphasis on the importance of attacking old thought and culture led to the destruction of monasteries that had dominated Tibetan education. However, priority was put on achieving universal primary school education. Enrolment in primary schools increased dramatically from 1972 to 1978 according to official figures. This increase in enrolment in rural areas was achieved through the widespread expansion of community schools. However, it is difficult to assess the extent to which this actually happened (Bass, 1998, 39).

In 1978, the Third Plenary Session of the Eleventh Central Committee of the CCP made a historic turning point by shifting the government's work from emphasizing politics to economic development. Consequently, the rapid training of specialized personnel became the priority, and education became an important factor to prepare the needed manpower. However, as Bass (1998, 50) notes, in its first conference, the State Nationalities Affairs Commission in Tianjin in 1979 made it clear that the 'task of nationality work' was still to 'maintain social stability in border areas', and to train cadres for socialist modernization.

Several meetings were crucial in the development of Tibetan education since 1978. The First Tibetan Work Forum was held in Beijing in 1980 where it was determined to gradually popularize primary education, eliminate illiteracy, to require that both Tibetan and Han Chinese students learn Tibetan and to compile Tibetan-language textbooks. The Second Tibetan Work Forum was held in 1984 and called for an understanding of the specific characteristics of Tibetan educational work and put forward the notion that all work should start from the reality of the situation in Tibet (Postiglione et al., 2004, 203). Another important conclusion was that Tibetan-medium education would be implemented in all primary schools in the TAR (Bass, 1998, 53).

Both the First and the Second Forums emphasized 'intellectual support for Tibet' (*zhi li yuan Zang*). This support project has such components as sending teachers from other provinces in China to work in schools in Tibetan areas, the creation of links between certain schools in the TAR and similar institutions in other provinces in China and sending selected Tibetan primary graduates for secondary education in Inland China. According to Postiglione et al. (2004, 204), this policy of helping Tibetans through different programs actually began in the 1950s. However, it accelerated after 1985 through establishing 'Inland Secondary

Schools or Classes’ in many provinces and municipalities such as Beijing, Shanghai and Tianjin. From 1985 to 2001, more than 23,560 primary school graduates were selected and sent to study in inland schools in at least 16 provinces and municipalities. This project solely focused on the TAR. However, at the beginning of the new century, certain similar classes began to recruit students in certain Tibetan autonomous prefectures, but only through the ‘Paired Support (*duikou zhiyuan*) Project’ and on a small scale.

Secondary education in Tibetan areas of China began taking a different form after 1978. Most secondary schools were established during the 1980s under such names as ‘Tibetan middle school’, ‘Tibetan high school’ and ‘nationalities middle school’. Nearly every county has at least one junior secondary school and each prefecture has at least one senior secondary school. Many specialized secondary schools, such as the secondary ‘normal schools’, many of which were established earlier, were also functioning during the 1980s. However, since China updated qualifications for primary and secondary school teachers in the late 1990s, requiring primary school teachers to hold a 2 or 3 year college certificate, these secondary normal schools were adapted to be regular secondary schools or vocational schools at the beginning of this century.

Several Tibetan higher education institutions were established in the 1980s. Because of the increasing number of primary and secondary schools, there was an increasing need for teachers. The Nationalities Department of Qinghai Education College was established in 1981. Its main responsibility was to train Tibetan-medium science teachers for primary and secondary schools. This was the first such program in China’s history. Many primary and secondary science (mathematics, physics and chemistry) teachers able to teach their subjects in Tibetan-medium received training from this department, which became known across Tibetan areas as the ‘cradle of Tibetan science teachers’. Spurred by the acute shortage of teachers, several Tibetan-medium colleges were established in the 1980s, such as Hezuo Nationalities Teachers’ College in Gannan Tibetan Autonomous Prefecture, Gansu Province; Ganzi Nationalities Teachers’ College, Sichuan Province; Aba Nationalities Teachers’ College, Sichuan Province and Hainan Nationalities Teachers’ College, Qinghai Province. In 1985, TAR Teachers’ College (already established in 1975 in Lhasa) was upgraded to university level, becoming the only university in the TAR with the name Tibet University.

In addition to these institutions of higher education, Tibetan senior secondary students have the chance to study in the nationalities institutes mentioned earlier. However, since they were reinstated in 1977, college entrance examinations have been very competitive in China. Because of the low quality of education, Tibetan students face difficulty enrolling in top universities in inland China, despite the preferential policy that adds points to Tibetan students’ examination results. This situation limits Tibetan students’ choice of study areas when they enter college and university. As most Tibetan colleges are designed as teacher training schools, with only limited course offerings, students who enter nationalities institutes usually major in Tibetan language and literature. Therefore, in attempting to enter the already competitive job market, many Tibetan graduates must compete among themselves with limited and identical qualifications.

‘The two basics’ (i.e. basically popularize nine-year compulsory education and basically eliminate illiteracy for people under 50 years of age) became the priority in late the 1980s, popularizing nine-year compulsory education and aiming to eliminate illiteracy for people below 50 years of age. However, because of the difficulties in ethnic minority areas, this campaign set out a longer timetable for achieving its targets there. In 2002, the State Council issued a policy document entitled ‘Decision on Deepening Reform and Developing Minority Education’ (Ministry of Education, 2002). It stated that ‘the two basics’ are the key part of the strategy of educational development in ethnic minority areas. The priorities for work towards achieving the goal of minority educational development within the Tenth Five-Year Plan (from 2001 to 2006), and to continue until 2010, are: Minority autonomous regions should build on the successes thus far achieved and increase the rate of counties achieving ‘the two basics’ from 51% in 2001 to above 70% by 2006. 95% of these regions were expected to have largely implemented compulsory education in primary school during the Tenth Five-Year Plan. The minority areas should achieve ‘the two basics’ completely by 2010.

Education in the TAR progressed greatly in the 1990s. According to information provided by the Education Bureau of the TAR, by 2003 there were a total of 1,008 schools in the TAR, including 3 colleges and universities, 11 secondary vocational schools, 100 secondary schools (8 senior secondary schools, 7 schools with both junior and senior levels) and 894 primary schools. There were 6,793 students in colleges and universities, 6,819 students (including 1,244 normal school students) in secondary vocational schools, 15,366 students in senior secondary schools, 56,344 students at the junior middle school level and 311,993 students in primary schools. In this same period, enrolment rates in primary school reached 87.2%, junior secondary school enrolment reached 39% and that of senior secondary schools reached 16%. There were 22,023 formal teachers and workers in the region. The primary-school enrolment rate was 60% in 1991 (Postiglione et al., 2004, 202), but by 2003, it had increased to 87.2%. By 2005, the number of schools did not change much, but there were 16 new secondary schools in TAR.

Similar progress was observed in other Tibetan areas. By 2005 in Huangnan Tibetan Autonomous Prefecture, Qinghai Province, the primary-school enrolment rate, according to official figures, had reached 97.5%, two counties had successfully implemented nine-year compulsory education and one county had implemented six-year compulsory education. According to information provided by the Sichuan Education Bureau, by 2003 in Ganzi and Aba Prefectures there were 2,377 primary schools and 229 village-level primary school outposts (*jiaoxue dian*), 52 junior secondary schools and 51 senior secondary schools. There were 202,386 primary-school students, bringing the primary-school enrolment rate to 94.5%. There were also 41,249 junior secondary school and 9,893 senior secondary school students. Among 32 counties, 29 had implemented 6-year compulsory education and 8 counties had successfully implemented 9-year compulsory education.

There has been huge progress in educational development in Tibetan areas since 1978. In rough terms, we can say that a modern educational system has been developed from primary

school to the level of higher education. However, a large gap exists between the educational attainments of Tibetans and the Han Chinese ethnic majority and even between Tibetans and other ethnic minorities. For example, by 1990, less than 20% of TAR Tibetans had a primary school education (Postiglione et al., 2006). Although this figure increased to 42.3% by 2005, the illiteracy rate in the TAR was 44.84% in the same year, the highest among the western provinces and regions and far higher than the national illiteracy rate of 11.04%. If one looks at the secondary educational level, this failure is astonishing. By 2005, at the national level, 38.3% of PRC citizens had a junior secondary education and 12.4% had a senior secondary education, while in the TAR these numbers were 8.4% and 2.1% respectively, the lowest educational level in all of China (see NBS, 2006, 112–114). At the same time, there are few educated Tibetans in the labour force.

Additionally, among Tibetans who have been to school, only a small number have received a skills-oriented education. Most available jobs for students are as cadres and teachers and the needed skills are usually languages. The major reasons are, firstly, as mentioned above that the initial educational policy in ethnic minority areas was mainly to train minority cadres. The government needed minority cadres to strengthen its political power. Therefore, the training needs for personnel in different occupations were neglected. Secondly, main economic activities are farming and herding in Tibetan areas. Although the government established some modern industry in Tibetan areas, as I discussed in the previous chapter, the effort to industrialize is a failed picture. Most industries were established with the help of more developed provinces, with central government management. The personnel and most needed materials also come from those provinces. Therefore, there was little market need for skilled technicians from the local areas, which is why training for local people was neglected.

The natural landscape in Tibetan areas is made up of extremes, with average altitudes ranging from 3,000 to 5,000 meters, making it difficult to access. Additionally, because of the poverty in Tibetan areas, it is a daunting task to popularize basic education. However, the unbalanced educational structure and vague educational policies also explain the difficulties of educational development. In particular, the inadequate teaching quality and lack of teaching materials and textbooks demonstrate the poor situation and create an unhealthy education system.

5.2 Secondary education

As discussed, only a limited number of Tibetans have received a secondary education. However, given the limited number of places in colleges and senior secondary schools, and especially because of financial hardships among Tibetans who do receive secondary education, about half cannot continue in higher education. A limited number of junior secondary students go on to senior level and the number of senior secondary graduates who enter into college and university is also limited. Most of those who cannot enter the higher

level return to their villages and contribute little to the economic productivity of the Tibetan community.

Many factors explain this phenomenon. For example, in Tibetan areas, as in the rest of China, education has focused on preparing students to take examinations for higher education while neglecting the development of practical skills. The transition from a planned economy to a market economy has increased the competitiveness of the job market and the poor economic situation in Tibetan areas of China has not created sufficient job opportunities for graduates. Another factor is the language barrier arising from the fact that many Tibetan students do not master the official language, which is Chinese. These factors, plus the poor quality of Tibetan education generally, explain the poor retention rates above the primary level and, in particular, why Tibetans are unable to compete with non-Tibetan migrants.

The school enrolment rate is a key indicator for policy makers, and therefore many studies on educational attainment focus on this aspect at the expense of educational quality. However, educational quality is vital for human welfare. As a World Development Report (2005, 138) notes: “There is a strong link between education and living standards across developed and developing countries, but the strength of that link largely depends on the quality and delivery of education” Additionally, the daily practice in schools has been a particularly neglected research area. While poor educational attainment can be explained by the extremely low school enrolment rate alone, this cannot fully reveal quality issues in current educational practice, or at least they do not do so explicitly. An understanding of the challenges of Tibetan education depends on an examination of the detailed relevant factors that affect educational quality in the classroom. Of the many factors explaining the poor quality of Tibetan secondary education, this chapter focuses on three: school instruction language, teaching materials and the teachers themselves.

5.2.1 Language of instruction

The language of instruction in school may not be a factor affecting the quality of classwork in many parts of the world, but it is a key factor directly affecting the results of schooling. Tibetans have had their own written language for well over 1,000 years. However, Chinese is the major official language dominating business activities across Tibetan areas. Therefore, Tibetans find it difficult to participate in the market without knowing Chinese. The language of instruction thus becomes an important issue in Tibetan schools, particularly at the secondary level.

With the exception of a few Tibetan autonomous prefectures and counties, the language of instruction in most primary schools in the Tibetan areas of China is Tibetan. Conversely, with only a few exceptions, secondary schools in the same areas are Chinese-medium schools. No matter the main instructional language, both Tibetan and Chinese are explicitly taught at the primary and secondary levels. Therefore, in today’s Tibetan areas these two different teaching practices are referred to as bilingual teaching models. Using Tibetan as the main teaching medium but teaching Chinese as a required course is called ‘the first model’, while

using Chinese as the main teaching medium but teaching Tibetan as a required course is referred to as ‘the second model’.

Both Qinghai and Gansu Tibetan areas have more secondary schools using the first model than the second. Few secondary schools use the first model in Sichuan Tibetan areas, but no first model is available at the secondary level in Yunnan Tibetan areas. The situation is more complex in the TAR where few junior secondary schools use the first model, several junior secondary schools have both models, but not a single senior secondary school uses the first model today.

As I have mentioned, the First Tibetan Work Forum in 1980 determined that both Tibetan and Han students should learn Tibetan and compile Tibetan-language textbooks. Particularly, the Second Tibetan Work Forum in 1984 determined that Tibetan-medium education should be implemented in all TAR primary schools. Afterwards, the importance of teaching Tibetan was gradually accepted and many schools resumed offering Tibetan as a major school course and the main language of instruction.

In the 1950s, when government began introducing modern education in Tibetan areas, most schools not only taught Tibetan as a major school course, but Tibetan was the language of instruction. For instance, when the first primary school was established in Chamdo in 1951, the government decided that Tibetan was the major school course and Chinese was an elective course. Tibetan was chosen to be the school instructional language. Similarly, when the first Lhasa primary school was established in 1952, the school was allowed to use locally compiled teaching materials including Tibetan, math and general knowledge of natural science and politics. All subjects were taught in Tibetan. This situation continued until 1958. In order to implement the policy stated in the Seventeen Point Agreement that “The spoken and written languages and the school education of the Tibetan nationality shall be developed step-by-step in accordance with the actual conditions of Tibet.” the central government not only took Tibetan seriously as both a major school course and language of instruction, it also developed several Tibetan newspapers and Tibetan radio programs. Additionally, all government documents were required to be translated into Tibetan and delivered in both Tibetan and Chinese, and all meetings first used Tibetan (Zhou and Kesang, 2004, 9-11).

The situation changed in the late 1950s and again during the Cultural Revolution. According to Zhou and Kesang (2004, 19), China’s minority education policies were seriously affected beginning in the late 1950s, and language use policy in Tibet was also affected. Relevant government offices no longer used Tibetan. Instead, Chinese was the only language of communication. Certain Tibetan officials only spoke Chinese. However, most Tibetans did not speak Chinese, and thus, government policies and work plans were poorly understood by local Tibetans. Since most Han government officials did not speak Tibetan, they also could not understand local people. Most importantly, many schools stopped teaching Tibetan with Chinese replacing Tibetan as the school language of instruction. Education quality seriously suffered.

This dim picture only began to brighten in 1980 particularly, when the former Panchen Lama and another Tibetan leader proposed learning and using Tibetan in the TAR in July

1987. Schools began resuming use of Tibetan as a major course and the language of instruction. This proposition was approved by the Fifth Plenary Session, the Fourth People's Congress of the TAR. It was pointed out that this proposition was based on relevant items of China's constitution and the autonomous law of minority regions. Based on the TAR's reality, it resumed the important position of Tibetan language and its function. At the same time, it was also deemed important to recognize Chinese as the official language of China. It was seen as crucial to combine these two effectively (Zhou and Kesang, 2004, 47).

In the following year, the TAR government promulgated "Detailed Rules on Learning, Use and Development of Tibetan in the TAR". This document stated that it should gradually establish a Tibetan medium education system in the TAR. More specifically, this document stated that starting from the new junior secondary school students in 1993, excluding Chinese and foreign language courses, other major subjects should be taught in Tibetan; starting from the new senior secondary school and specialized secondary school students in 1997, most subjects should be taught in Tibetan and after 2000, colleges and universities should gradually teach in Tibetan. It also emphasized the need to train qualified Tibetan language teachers, compile Tibetan language teaching materials implement a language policy that made Tibetan the major language, while using both Tibetan and Chinese. It further noted that Tibetans should learn Tibetan and Chinese, while Han and other non-Tibetans should actively learn Tibetan. It also stated that, by late 1990, all government bureaus and offices should use Tibetan as the major language to issue documents, while also using Chinese. Firms and companies were instructed to gradually use both Tibetan and Chinese in documents.

The reality is that Tibetans account for an overwhelmingly majority and most do not speak Chinese. For example, according to Zhou (2003, 69), Han mainly live in TAR urban areas. Very few Han live in TAR rural areas, though the TAR's rural population accounts for over 80% of the total. Therefore, the policy of promoting Tibetan-medium education and Han cadres' learning Tibetan responds well to the realities in Tibetan areas of China and is culturally appropriate. Critically, high-quality education empowers Tibetans to better compete with non-Tibetan migrants, thus promoting Tibetan market participation. Nevertheless, this sound education policy has never been strictly enforced. For example, according to a report prepared by the Bilingual Education Research Group of the TAR Education Committee (Zhou, 2003, 215-216), by 1998, in the TAR, there was a total of 523 classes of junior secondary schools and 72 classes of senior secondary schools. If the policy had been strictly enforced from 1993-1996, all junior secondary schools should have used the first model—teaching in Tibetan. However, only 93 junior secondary school classes (about 4,000 students) used the first model from 1993-1998, which accounted for only 13% of the total number of junior secondary school students in 1998. Among the 72 senior secondary school classes, only 9 (381 students) used the first model, accounting for only 5.7% of the total number of senior secondary school students.

It was not only that the sound education and language use policy was not strictly enforced; the policy was revised, approved and issued by the Fifth Plenary Session of the Seventh People's Congress of the TAR in May 2002. Regarding education, the revised rule for

learning, use and development of Tibetan language indicated that, during compulsory education (9 years from primary to junior secondary school), both Tibetan and Chinese were the basic languages of instruction. Schooling should have both Tibetan, Chinese courses and foreign language course when the time was ripe (Zhou and Kesang, 2004, 84). This rule revised what had been written in 1987; that all primary schools should teach in Tibetan, and secondary schools, colleges and universities should teach in Tibetan as soon as possible. The revised rule did not mention what should be done in senior secondary schools, colleges and universities.

Although the revised rule did state what should be done during the compulsory education period, it was unclear what language was to be the language of instruction. The rule simply stated that both Tibetan and Chinese were basic languages of instruction. Additionally, the new rule did not mention what language should be the language of instruction in senior secondary schools, colleges and universities. This provided leeway for local government and individual government officials to implement the rule based on their interpretation.

No universal policy or rational criteria exist to assess which language should be the main medium of instruction, so these decisions are made locally and haphazardly. During my research, I found that decisions on which language should be the language of instruction were based on various factors. In general, the local governments from the county to the provincial levels may make their own decisions, which means that individual leaders often make such decisions. Sometimes these decisions are based pragmatically on the availability of college entrance examinations in the Tibetan language. If the examination is available in Tibetan, then the secondary schools may try to teach in Tibetan. Otherwise, they will probably implement the second model, since Chinese is the official language and its scope of use is much broader than that of Tibetan. Not infrequently, these two models may be changed when new leaders assume their positions.

In such a policy vacuum, the reality of education in Tibetan areas of China is rarely given rational consideration. Most Tibetan students come from farming and herding areas, and do not speak Chinese well. Students do learn some Chinese in primary school, but due to various factors such as poor teaching methodology and the poorly qualified teachers, students have little competency in Chinese. Most secondary schools use the second model in their teaching. Consequently, though many students slowly improve their Chinese language skills, most absorb very little from any content courses during their secondary school experience, especially in science courses where the requisite terminology is technical by definition. Since students generally do not understand much of what their teachers present in their classes, this situation supports a very low level of educational quality overall, driving standards and expectations to a uniformly low level. Teachers with no training in language teaching methodology end up putting most of their effort into talking about individual Chinese characters and phrases, rather than teaching content relevant to the various subject areas. Many science classes become Chinese lessons utilizing haphazard teaching methodologies. Thus, the result of implementing the second model is that lessons are taught in Chinese to students who do not speak Chinese, resulting in substandard Chinese language skills

laboriously acquired at the expense of the intended content of the secondary level. Studies confirm that students not only perform very poorly in their courses, particularly in science courses, but that their Chinese skills also remain quite poor.

In 2003, the Teaching Material Coordination Office of Five Provinces and One Region²² (*Wu Xie Ban*) conducted a detailed study on bilingual education in the Tibetan areas of China. During the course of their project, they visited 45 counties, 3 colleges and 2 universities in the TAR, and in Qinghai, Gansu, Sichuan and Yunnan provinces, conducting research in 49 primary schools and 53 secondary schools. As part of this project, 3,684 Tibetan primary and secondary students were given examinations in mathematics, physics, chemistry and Chinese. Students were tested with the same examination paper in Tibetan and Chinese, in the first and second model respectively. According to the research report (see Wu Xie Ban, 2005, 27–41) the results showed that students in the first model performed far better than those in the second model.

The Linzhou County Middle School in Lhasa implemented both teaching models. The school has at least two classes in each grade. One class uses the first model and another the second model. The research team tested grade-three students from both the first and second models. Table 1 shows the results of that test. First, it is indisputable that the students in the first model performed better than those in the second. However, this is far more astonishing when contextualized by the fact that when the group of tested students had entered Linzhou County Middle School three years earlier, it was the best students who were assigned to the second model and the worst students who were assigned to the first. Thus, students who received education in their mother tongue outperformed once-superior counterparts whose education had been in Chinese. Many such examples can be found at both the primary and secondary levels across Tibetan areas of China and go a long way towards an overall explanation of why Tibetan students generally perform so poorly at the secondary level.

²² The Teaching Material Coordination Office of Five Provinces and One Region was established in 1982. The five provinces and regions refer to the TAR, plus Qinghai, Gansu, Sichuan and Yunnan Provinces. Its main responsibility is to coordinate publication of teaching materials in Tibetan. The office is located in the Qinghai Education Bureau, Xining City.

Table 5-1: Test results of grade three students of Linzhou County Middle School, TAR.²³

Subject	Teaching model	# of students	Highest mark	Lowest mark	Average mark	Passing rate% ²⁴
Math	1st model	30	42.0	3	21.50	0.00
	2nd model	30	33.0	0	7.08	0.00
	Difference		-9.0	-3	-13.70	0.00
Physics	1st model	30	77.5	0	51.75	41.38
	2nd model	30	28.0	0	7.25	0.00
	Difference		-49.5	0	-44.50	-41.38

There are many indicators to assess the poor performance of Tibetan secondary-level students. However, since the university entrance examination is the single most important functional indicator to assess the quality of secondary education in China, we may look to it for a simple comparison. The minimum passing mark for university entrance examinations in the TAR in 2003 is revealing. Table 2 shows the difference between Tibetan and Han Chinese according to the requirements of different universities and colleges. The difference is huge at all levels. On the one hand, this reveals the government preferential policy towards Tibetan students by lowering the requirement. On the other hand, the different quality of secondary education is manifestly enormous. As mentioned, many reasons explain the difference, but the language used for instruction is definitely a major factor.

Table 5-2: Minimum university entrance examination marks in 2003, TAR.²⁵

Nationality	Top university		University		College	
	Literature	Science	Literature	Science	Literature	Science
Han	450	440	320	325	300	250
Tibetan	330	280	250	210	220	170
Difference	-120	-160	-70	-115	-80	-80

The teaching model to be adopted is generally based on social and linguistic realities. Given that Tibetans account for the overwhelming majority and most do not speak Chinese, it is legitimate and practical to teach Tibetan students in their mother tongue. This is also the easiest way for them to comprehend what they are taught. Unfortunately, as mentioned,

²³ Wu Xie Ban, 2005, 32.

²⁴ In Chinese schooling, a pass is a mark of 60 and above..

²⁵ Wu Xie Ban, 2005, 34.

decisions are often made locally and haphazardly. For example, during Wu Xie Ban's research in Mozhuogongka County, a Han teacher said, "Our teaching model has been changing according to the availability of teachers...." Additionally, the first model was adopted in many schools in Chamdo, Nagchu, Shigatse and Lhasa. However, most schools changed to the second model later. When asked why, a Han party secretary of a senior secondary school said, "The upper level leaders asked us to do so, we can do nothing" (*Wu Xie Ban*, 2005, 41). Clearly, there exists no affirmative rule or law to clarify what language should be used as the main school instructional language in Tibetan areas of China. Many leaders prefer the second model. A major reason may be that they think Chinese is crucial for Tibetans to master, and the second model promotes Tibetans' Chinese skills. However, they ignore a fundamental issue that to learn Chinese well is not the only purpose of secondary education. Instead, Chinese is only one course in secondary school. There is much modern knowledge and many skills for students to learn. This can only be achieved effectively when delivered in a language students are familiar with, which usually is their mother tongue.

Similar stories are common throughout Tibetan areas. For example, in Huangnan Tibetan Autonomous Prefecture, Qinghai Province, a primary school used the first model after the advent of China's new economic policy. Since students do not speak Chinese, this teaching model illustrates social and language realities. However, due to various reasons, such as the school master believing that learning Chinese well is crucial for students to receive higher-level education and eventually finding employment, the school changed their teaching to fit the second model. As a result, students could not understand the teachers. When the prefecture education bureau assessed the school's teaching performance, they observed a math class. The math teacher tried to teach student a simple math problem: Four apples plus two apples is how many apples? However, in a 45-minutes class, students could hardly understand what the math teacher was saying because they did not understand Chinese. Therefore, the math teacher was left teaching individual Chinese characters and phrases, rather than teaching math. At the end of class, no students gave a correct answer. Finally, the math teacher spoke Tibetan, and a student gave the right answer immediately. This math class had simply become an elementary Chinese class by putting most of the effort in learning individual Chinese characters and phrases.

As mentioned, because of the extreme natural landscape of Tibetan areas, it is difficult to access the sparse population. However, the Government has invested heavily to improve Tibetan education, and enrolment rate increases yearly even though it lags far behind China's average. Education quality suffers because of the school instructional language. Compared with Tibet's extreme natural landscape, this problem may be easily addressed, and provide culturally appropriate, high quality education to Tibetans. Nevertheless, even though the problem of improper school language of instruction seriously impacts Tibetan students, and it would be very easy to correct the problem, schools continue without making changes.

This is not to say that schools do not understand which model is effective in terms of education quality. When the policy made it possible to resume Tibetan as the main instructional language in 1987, a Lhasa secondary school recruited students for an

experimental class that used the first model in the autumn of 1989. After 2 to 3 years, this class demonstrated that students adhering to the first model performed much better than those in the second model (Zhou, 2003, 207). As I have shown, the same result was noted in Wu Xie Ban's research. If education quality is an issue, the first model is far better than the second, based on the reality of Tibetan areas. However, most secondary schools continue using the second model, and many schools try to transform the first model into the second because individual leaders prefer this. Consequently, even though enrolment rates increase yearly with government investment, Tibetan students' poor performance means that equal opportunity between Tibetans and Han migrants does not exist since the latter have obtained a much better education than Tibetans. As a World Development Report (WB, 2006, 138) notes, "Expanding access to basic education is necessary but not enough, the quality of education matters for opportunities....Among factors at the school level, the only ones that have a significant impact on student performance are instructional material and teachers with an adequate formal education." In considering the circumstances of Tibetan areas, it should be added that a school's language of instruction is key and has a significant impact on student performance. Additionally, "Education is of great intrinsic importance when assessing inequalities of opportunity. It is also an important determinant of individuals' income, health (and that of their children) and capacity to interact and communicate with others. Inequalities in education thus contribute to inequalities in other important dimensions of well-being" (WB, 2006, 34).

As noted above, many secondary schools adopt the second model to improve students' Chinese. However, research conducted by the *Wu Xie Ban* shows that students' Chinese improved little and most students did not pass the test. Even Tibetan students studying in 'Inland Secondary Schools or Classes', with much better teachers and a better school environment, and particularly a much better Chinese-language environment did not necessarily have strong Chinese ability after 6 to 7 years of study (Postiglione et al., 2004, 216).

Chinese is clearly a very important skill for Tibetan students to master. Without good Chinese, students face huge obstacles in the job market. Additionally, there are only a few colleges and universities with limited Tibetan medium programs. Even Tibet University offers a limited Tibetan medium program. Tibetan students thus found it difficult to enter and perform better in universities. This is another major reason why Chinese is important. However, instead of inquiring into and finding the reasons why Tibetan students are not learning Chinese well, most secondary schools simply adopt the second model, thereby sacrificing the major work of secondary education in an often futile effort to improve students' Chinese ability. This is irresponsible and unforgivable if education quality is a genuine concern.

Students' poor performance in Chinese is mainly due to improper teaching methodology and teachers' poor qualification. Otherwise, students would learn Chinese well. There is no need to sacrifice students' secondary education to improve their Chinese, if proper methods

are implemented. The Tibetan-English Training Program in Qinghai Normal University has demonstrated Tibetan students' ability to learn language well.

This program started with 30 students from Yushu and Guoluo prefectures in 1997. Currently there are approximately 210 Tibetan students from the TAR and the provinces of Qinghai, Gansu, Sichuan and Yunnan. Most students arrive with no or very little previous exposure to English. However, after 2 years, the entire class of 30 students had little difficulty in reading and comprehending in the original *The Old Man and the Sea* (Ernest Hemingway) and *The Pearl* (John Steinbeck) (Stuart and Wang, 2003). After 3 to 4 years, many students in the program score above 500 on TOEFL, which is impossible for many Han students, even though they have learned English much longer. Today, over 30 students of this program are studying abroad for undergraduate, MA and PhD degrees. Their English-language achievements testify to their motivation and the quality of these students. The generous financial support from various international organizations also ensures that students are able to focus on their study without financial burdens.

A key reason students succeed is that this program possesses a group of dedicated teachers with a solid understanding of the local situation. Each year new foreign teachers join the program, but several teachers have taught in this program for a number of years. For example, Dr. Kevin Stuart has taught for over 20 years in China and understands the local realities well. New teachers are assisted by old teachers upon arrival to understand the local reality better. More importantly, most teachers are qualified to teach English as a second language with experience and relevant TESL training. All of the above ensure that English is taught in ways that are linguistically and culturally appropriate to Tibetan students. In contrast, given the reality that Chinese is the official language of China and easy to access through newspapers, television programs, radio and so on, the environment for learning Chinese is far better than that for learning English in Tibetan areas of China. In particular, both students and their parents are motivated to learn Chinese because of its importance in their daily life. If the right methodology is applied, learning Chinese should be far easier than learning English.

Vague and immeasurable policies are a major cause of artificial decisions authorities make on which model should be used in secondary schools. As mentioned, some secondary schools use the first model, and others use the second model. In some provinces, in the same area with the same language settings, one school uses the second model, but another uses the first. This situation indicates that no measurable policy is available. This also explains why leaders make decisions artificially.

The Hong Kong government's experience in measuring language instruction is worth consideration. While it is not really possible to compare Tibetan areas of China with Hong Kong, they face similar challenges in terms of teaching mediums. For most Hong Kong students, Chinese (Cantonese) is their mother tongue, but due to Hong Kong's position as an international economic and financial centre, English remains an important language. Students face difficulty in finding good jobs without mastering English. Therefore, Hong Kong has many English-medium secondary schools even though the majority of secondary schools teach in Chinese (Cantonese). According to information I received in an interview by the

Education Committee of the Hong Kong government, research in the 1960s and 1970s in Hong Kong concluded that students who learn through their mother tongue performed much better than those students who learned through the medium of English. As a result, according to the interview, the government suggested in a 1974 white paper that secondary schools should use Chinese as their written teaching medium. However, due to various reasons such as the pursuit of higher education in English-medium universities and the dominant position of English in business activities, many secondary schools wanted to change their teaching medium from Chinese (Cantonese) to English.

At the beginning of this century, the government promulgated a measurable policy for these schools, in order to ensure that changes in language instruction did not adversely affect the quality of education. There were three parts: firstly, schools should adapt language instruction according to the language ability of students. Students' language ability is demonstrated with a language test in the first grade at the junior level, and 85% of the students should demonstrate their ability to receive lessons in English. Second, teachers' English ability is tested. Third, the school has to show it has adequate facilities for students to learn in English, such as classes aimed at helping students to change from Chinese medium to English medium. If these three requirements are satisfied, the school can change its language of instruction from Chinese (Cantonese) to English if it wishes. Needless to say, if such a policy were applied to secondary schools in Tibetan areas of China, the quality of education would greatly improve.

5.2.2 Teaching materials

Since 1951, relevant teaching materials have been prepared by individual provinces and regions. However, the major work of preparing teaching materials in the Tibetan areas started after the establishment of the *Wu Xie Ban* in 1982. Since that time, with the exception of Tibetan and Chinese language textbooks, all other primary and secondary school textbooks have been translated from Chinese into Tibetan. According to the information provided by *Wu Xie Ban*, in 1998, they had completed the translation of all primary and secondary school textbooks. However, since on-going education reform makes Chinese primary- and secondary-school textbooks change frequently, it is very difficult for Tibetan textbooks to keep pace with the changes. The newest Chinese primary and secondary school textbooks began replacing the old ones in 2003. Therefore, the *Wu Xie Ban* is currently working on translating the new version by coordinating relevant Tibetan Teaching Material Translation Institutes in the TAR, and Qinghai and Sichuan provinces. The work should be completed by 2007. However, it seems their work can hardly keep pace with the needs and ongoing change of the current situation.

Other than these textbooks, there are almost no relevant supplementary materials available. As mentioned above, the relevant institutes are busy translating textbooks, and they do not have the capacity to undertake more work than they are doing already. Few international organizations support the production of supplementary materials. This lack of teaching material and relevant supplementary study material is another key factor seriously affecting

the quality of education. The discrepancy between the available teaching materials in Chinese and Tibetan is astounding. For example, 1,000 RMB may not be enough for a Han Chinese student to buy the materials he wants, but a Tibetan student may not need a single *fen* to buy supplementary materials in Tibetan because there may be none available.

There are some Tibetan textbooks but quality is low. For example, during my fieldwork in Qinghai, certain Tibetan secondary school teachers complained that they would rather use the Chinese version because of the poor quality of the Tibetan version. Two major reasons explain this. First, the translation institutes lack qualified staff. For example, the Qinghai Nationalities Teaching Material Translation and Editing Centre (*Qinghai Minzu Jiaocai Bianyi Zhongxin*) is one of the two major institutes²⁶ focusing on translating and editing teaching materials for Tibetan areas. It has 39 staff members of whom 34 work on translation and editing. Among these, 7 work on translating primary and secondary school history and geography textbooks, but only 1 person specializes in geography. The other 6 focus on Tibetan literature. The Science Division has 11 staff members who are responsible for translating mathematics, physics, chemistry and biology materials. However, only 1 person majored in biology, 1 in chemistry, 2 in physics and 4 in mathematics. The other 3 majored in Tibetan literature. In addition, among the staff who majored in science, many had little training in Tibetan. Secondly, the number of people working to translate textbooks is insufficient to meet the need. Therefore, in attempting to meet deadlines and work quotas, the quality of work suffers.

This stark challenge is further highlighted by the lack of demand for Tibetan-medium teaching material in secondary schools. Only a limited number of secondary schools use Tibetan as the language of instruction across Tibetan areas of China. Consequently, the demand for Tibetan-language secondary school textbooks in Tibetan areas is small. Given the huge cost of translating teaching materials, the government is not enthusiastic and the lack of demand is a convenient excuse. As discussed above, the improper use of the language of instruction is a key factor that affects the quality of secondary education. As a result, it also causes deficits in providing enough teaching materials. Therefore, to encourage secondary schools to teach in the Tibetan language is crucial. Additionally, if enough schools teach in Tibetan, the demand for teaching material in Tibetan would increase. This will encourage government to provide more teaching materials and also encourage the private sector to invest in education by providing better teaching materials.

5.2.3 Need for qualified teachers

Even if schools used the proper language of instruction and better teaching materials were available, the effort would remain meaningless without a qualified group of teachers. The poor quality of teachers in Tibetan secondary schools is another key factor that is worrisome.

²⁶ The other is the TAR Teaching Material Translational and Editing Center.

A teacher-training program was initiated by establishing a normal school in each prefecture during the 1970s. These schools were responsible for primary school teacher training and today, most primary school teachers are graduates of these normal schools. Apart from a few nationalities institutes, teacher training for Tibetan-language teachers at secondary level only began in the 1980s with the establishment of several nationalities teacher colleges. For example, the Nationalities Department of the Qinghai Education College was the first school to provide science teacher training in Tibetan for secondary schools. Many teachers have been trained for secondary schools in these training programs since their establishment.

Lack of qualified teachers remains a serious problem. Many secondary schools have teachers who majored in Tibetan literature teaching history, geography, political science, music and art. Most teachers who give instruction in their major field are actually Han. In such cases, teacher quality is high in terms of the subject taught but the value is low because of the language barrier. The major reason for the lack of qualified Tibetan-language speakers in these subjects is that there is no college or university providing teacher training in these subjects in Tibetan. Most secondary schools lack Tibetan teachers able to teach science. In particular, in TAR secondary schools, most science teachers are Han. For example, Bao and Su (1997, 303) observed that most Tibetan teachers in the TAR teach Tibetan literature related courses, and very few Tibetan teachers teach math, physics and chemistry. Information provided by the TAR Education Committee suggests that, by 2005, there were 6,239 junior secondary school teachers, of whom 3,604 were minority teachers, which accounted for about 58% of the total. In the same year, there were 1,922 senior secondary teachers in the TAR, and 800 of them were non-Han teachers who accounted for 42%. In contrast, among the 120,706 junior secondary students, 114,021 were Tibetans, accounting for 94%; among the 33,342 senior secondary students, 28,662 were Tibetans, accounting for 86%. The share of Tibetan students decreased from junior to senior secondary school, but Tibetan students are overwhelmingly the majority. The ratio of Tibetan teachers was much lower. This demonstrates that most secondary schools teach in Chinese and that it is extremely difficult to locate qualified bilingual Tibetan teachers.

On the whole qualifications of Tibetan science teachers are inadequate. There are several explanations for this. First, the few colleges providing training for Tibetan science teachers cannot recruit enough qualified teachers, making it difficult to ensure training quality. For example, the Nationalities Department of Qinghai Education College was the first school to provide such training, but their first mathematics major class had only two teachers. As discussed earlier, most Tibetan college graduates major in Tibetan language and literature; in the 1980s there were few Tibetans who majored in science. Only a few years later, by which time the department had recruited several of their own graduates to be teachers, could the training program be expanded. Their graduates became key teachers in similar programs in several teachers' colleges established in the 1980s.

Secondly, during their secondary school education, these science teachers learned very little due to the reasons discussed above. When they entered colleges for science teacher

training, they had to start their lessons by reviewing relevant secondary school courses. Consequently, they found it very difficult to complete the required college courses.

Finally, the lack of teaching material in these colleges creates a negative impact on teaching quality. It was not until the 1990s that some science teaching materials were translated into Tibetan. Today a lack of teaching material continues to be a significant problem for Tibetan science teachers' training programs.

Schools cannot recruit needed teachers for various reasons. Schools do not have the authority to replace unqualified teachers, thus many can keep their position until they retire. In addition, because of financial difficulties, schools are unable to recruit new teachers. Therefore, the schools can only wait until a position becomes available to hire a qualified teacher. The government is aware of this problem, and has issued relevant policy guidelines to institute contract-based recruitment, but given the high unemployment rate, no school implements this policy.

5.3 Vocational training program

The nature of vocational education means that it directly impacts people's market participation; it is crucial in forming and providing skills needed for individuals to be able to compete and obtain jobs. For this reason, in order to have a comprehensive picture on how education fails to prepare Tibetans for market participation, it is also essential to study vocational education. Below I start with a brief review of the current development of vocational education in Tibetan areas of China and focus particularly on the existing problems of vocational training programs.

5.3.1 Current situation of vocational training programs

Vocational education in China is integrated with the general education system, unlike most other countries. After completing 9 years of compulsory education (6 years of primary school and 3 years of junior secondary school), students have 2 tracks of education to pursue: they may continue with general education, thus continuing to senior secondary school and possibly, college or university. Alternatively, they may choose to follow the vocational education track, thus continuing to secondary vocational schools and then possibly college or university.

In Tibetan areas, there are relatively few well-established and effective vocational training programs. Such programs are usually provided by specialized secondary (*zhongzhuan*) schools that are general diploma education institutes offering such subjects as healthcare, teaching, translation, veterinary skills, finance and accounting, secretarial skills and agricultural skills. The standard curriculum for specialized secondary schools is common across China, taking 3-4 years to complete. Such subjects as political theory and Chinese literature are part of the core curriculum.

Most vocational training schools and centers are attached to Tibetan middle schools, such as Hongyuan Tibetan Middle School in Aba Tibetan and Qiang Autonomous Prefecture,

Sichuan Province and Rebgong Tibetan Middle School in Huangnan Tibetan Autonomous Prefecture, Qinghai Province. Although vocational training schools have a connection with middle schools, they lack necessary facilities and properly trained teachers to provide effective vocational training. Usually, they offer vocational training as elective courses, in addition to normal courses in the secondary school curricula. Classes include Tibetan art painting, household appliance repair, computer skills, tourism, motorcycle and automobile repair and agriculture and construction skills. Teachers are invited, as needed, for relatively short periods. However, such teachers often lack teaching experience or training; instead they only have certain skills and knowledge in the subject gained through work experience.

There are also short-term vocational training programs provided by government departments, for example, the Employment Bureau, targeting laid-off employees of former state owned enterprises in an effort to help them obtain employment. Such trainings are run 2-3 times per year. In certain areas, the government department must fulfill a quota of trainees. However, due to limited funds, such trainings are not always conducted.

Most Tibetan autonomous prefectures only have 2 specialized secondary schools, namely those focusing on teacher training and healthcare. Historically, an acute shortage of teachers led to teacher training dominating specialized secondary education. However, due to new standards set by the central government for higher teacher qualifications in the late 1990s, teacher training schools stopped recruiting students. For example, all teacher training schools in Qinghai were ordered to stop recruiting students after 2005. Consequently, most teacher training schools were renamed either general senior secondary schools or vocational training schools. Such schools may be qualified to offer general senior secondary school program, but cannot provide sound vocational training programs because they lack relevant trainers. For example, Huangnan Teacher Training School was renamed Huangnan Vocational School in 2003 so that it could include vocational training. Despite this title, the school lacks resources to run effective vocational training programs, making it no different from regular schools that recruit students for senior secondary school education. The local government then designated the former healthcare school a vocational school. Again, without qualified teachers and resources for vocational training, effective vocational training programs cannot be offered. Although the importance of vocational training is vigorously promoted in government documents and in the media, there is no single effective vocational training school in Huangnan Tibetan Autonomous Prefecture.

A similar situation applies to most other Tibetan autonomous prefectures. For example, Yushu Vocational School formed in 1995 is the prefecture's only vocational training school. In 2002, Yushu Medical School and the Nationality Normal School combined to form this vocational school. Currently, the school has 70 teachers, most of whom are from formal teacher training and medical schools. The school provides training in driving, tailoring, cooking, computer skills, rural medicine and translation, through evening schools and short-term programs. Currently, 200 students study medicine, 40 study computer skills and 40 study English. Students are recruited based on their *zhongzhuan* provincial standard examination scores and 90% are Tibetan. Lacking qualified teachers, healthcare and general

senior secondary school programs are their cornerstone; they are unable to provide locally needed vocational training programs.

Since the establishment of the vocational school of Guoluo Tibetan Autonomous Prefecture in 1997, 1,860 civil servants and technicians in public institutions and enterprises have received basic training in computer skills. However, the school is the former healthcare school. Although its new name suggests a vocational school, teachers and school facilities did not change at all.

Vocational training in Gannan Tibetan Autonomous Prefecture, Gansu Province is another example. It began in 1984 with the founding of Hezuo Vocational Middle School. At present, there are 5 vocational schools and 2 vocational training centers in Gannan Prefecture, which have faced difficulties in recruiting students because:

- Since 1995, the government has stopped assigning jobs to vocational school graduates.
- After completing middle school education, students prefer general senior secondary school to vocational school.

These factors mean that most vocational schools no longer provide vocational training programs; they only provide standard senior secondary school education. Gannan Tibetan Vocational School is now the only institution that continues to recruit students for vocational training in Gannan Prefecture. Established in 1972, the school was originally named Gannan Nationalities School and initially trained teachers to serve in primary and secondary schools throughout the prefecture. It was renamed in 1999 for the purpose of developing and promoting vocational education.

It has 3 training program courses. One is at the *zhongzhuan* level, offering graduates the *zhongzhuan* diploma issued by the government. Currently, the school offers 3-year training courses in tourism and computer skills. Another track is the “3+2 higher vocational training program,” that combines 3 years of senior secondary school first with another 2 years of training in vocational skills. Upon graduation, students receive a college diploma. To run the “3+2 program”, the school must obtain approval from a relevant college and offer the program jointly with the college. The third program offered is general vocational training, providing graduates with a certificate issued by the school. Currently, there are 40 students enrolled in driving, 20 in sewing and another 20 in household electrical appliance repair. However, like other vocational training schools, they lack qualified teachers and find it difficult to recruit students.

Similar to other Tibetan areas, it is difficult to see much development in providing vocational program and facilities in the TAR. Many counties declared that they have a certain number of vocational training centers and programs, but lack of funds, equipment and particularly, the lack of qualified teachers are serious problems. However, comparatively the situation of vocational education in TAR differs slightly, mainly because the government is better equipped financially to implement policies of developing secondary vocational education and constructing key vocational schools. For instance, the government has

earmarked 10 million RMB annually for vocational education and has either halved or waived tuition fees for children of farmers and herdsmen, as well as workers in dire straits.

In terms of special policies, the government actively encourages vocational schools to adapt their curriculum to market needs. It permits excellent graduates of secondary vocational school to continue study at higher vocational education in colleges and universities without sitting for examinations. Furthermore, it encourages the development of vocational education in technical skills, including training for farmers and herdsmen, and also encourages in-service teachers to enhance their degrees and professional skills through further study.

The main implementation measures are:

- 1) **Adjusting the distribution of vocational education and optimizing education resources.** Since 1998, the distribution and structure of vocational schools in the whole region have been adjusted according to the industrial structure of the TAR and local population density. Former schools with a single major have been restructured into comprehensive vocational schools. In total, 3 secondary vocational schools have been abolished while 3 have been incorporated. 5 have been restructured. These measures have reduced the number of vocational schools from 16 to 11. Currently, each of the 6 prefectures, except Ngari Prefecture, has a comprehensive vocational school.
- 2) **Improving the hierarchical structure of vocational education.** By doing this, the government hopes to increase the options and channels to further education for graduates of vocational schools.
- 3) **Targeting agricultural and nomad areas.** The government hopes to develop technical skills in primary and secondary schools in agricultural and nomad areas by introducing a new set of technical skills, such as agriculture, livestock breeding, sewing, carpentry, drawing and weaving.
- 4) **Adjusting the courses offered at vocational schools to fit market demands.** Vocational schools should develop new majors that meet the demands of leading industries.
- 5) **Improving the quality of teaching in vocational education.** By encouraging in-service teachers to attend teaching methodology courses and gaining further qualifications in vocational teaching, the government hopes to increase the number and quality of vocational teaching staff in the region.

Nonetheless, even though the government has given much support to vocational education, the reality is that vocational training programs are at a difficult stage. In order to understand these challenges, we examine the Vocational and Technical School of Nagchu Prefecture, the only vocational school in the prefecture. Until 1997, the school was known as the Nagchu Prefecture Normal School. Among the TAR *zhonghuan* schools, this was the first to become a vocational and technical school. At present, the school has an enrollment of around 300 students and a faculty of 21.

The school offers courses in animal husbandry, rural veterinarian skills, secretarial skills, computer skills and machine maintenance and repair, in addition to other such short-term courses as railway mechanical operation, cooking and accounting. In recent years,

laboratories, practical training centers and specimen classrooms have been built. However, the school still lacks a faculty of properly trained vocational trainers.

In March 2002, the school held an 8-month training program supported by the Tibet Poverty Alleviation Fund (TPAF), an international NGO based in Lhasa, attended by 45 male students from the 7 counties in the prefecture. Most trainees had received a few years of primary education. The project aimed to increase local income by providing more employment opportunities to local Tibetans through construction and building projects.

The course encountered difficulty in finding qualified trainers who had both practical experience and Tibetan language ability. Finally, a Han Chinese trainer conducted the courses and a Tibetan teacher interpreted. The quality of training was below average because the Han Chinese trainer was not properly trained. Though skilled in carpentry and painting, he was unable to convey content and produce detailed training syllabi and plans.

There are a few effective vocational training programs in this discouraging picture of vocational education. The Sichuan Tibetan Institute (STI) is one. Established in 1981, it is directly under the jurisdiction of the Sichuan Province Ethnic Affairs Commission. Located in the prefecture seat of Ganzi Tibetan Autonomous Prefecture, the school began recruiting Tibetan students from Ganzi, Aba and Liangshan prefectures in Sichuan Province in 1982. Students are recruited based on their scores on the provincial senior secondary school examination. Currently, the school has 38 teachers and 518 students of which 90% are farmers and herdsmen's children. The school offers courses in tourism, Chinese-Tibetan translation, secretarial skills, traditional art, Tibetan medicine, Tibetan literature, Tibetan Buddhism and Tibetan Buddhist philosophy. Political theory, Chinese and computer skills are taught in Chinese, all other subjects are taught in Tibetan.

According to the school headmaster, the school's mission is to preserve and promote traditional Tibetan culture, which is its biggest advantage with regard to student recruitment and employment opportunities as compared to other schools in Ganzi. The school has adjusted the set-up of its program and increased the number of teachers to seize new opportunities in the job market: the tourism industry is rapidly growing in Tibetan areas yet tour guides proficient in Tibetan and Chinese are lacking and Tibetan tourist products are insufficient; construction in Tibetan areas is quickly expanding, yet qualified personnel are still needed in the building, decoration and design of Tibetan houses and healthcare standards are low in pastoral areas, yet the number of Tibetan doctors is insufficient.

Government officials and local people throughout Ganzi Prefecture praise both the competency of graduates and the high quality of education provided by the school. The headmaster and teachers at the school attribute this to a high employment rate for its graduates. For example, 60% of the graduating class of 2002 found employment immediately after graduation, which has made parents feel that their educational investments are rewarded. For other graduates in 2002, they either went home to assist local farmers and herdsmen by using skills learnt in school or moved to towns to find jobs. Because of their high level of education and skills, these graduates usually eventually become self-supporting

Plans to develop the school include increasing the quality of education and offering a higher degree through cooperation with other colleges and universities such as:

- To jointly teach college-level Tibetan language classes with Southwest Nationalities University (Chengdu)
- To hold college-level Tibetan medicine classes in cooperation with Qinghai Tibetan Medical College (Xining)
- To run classes in teacher-training in both Chinese and Tibetan with Northwest Normal University (Lanzhou)
- To jointly hold classes in traditional art with Qinghai Nationalities Teacher's College of Qinghai Normal University (Xining)

However, financial difficulties and a lack of qualified teachers that would allow offering other needed vocational training programs are difficulties the school faces in recruiting students and adjusting to market needs.

5.3.2 Problems and challenges facing vocational training programs

Policies related to employment options as well as educational structure, translate into vocational training programs facing numerous challenges. As mentioned, policy on educational structure seeks to merge various specialized schools. For example, Aba Industry School, Aba Finance and Trade School and Aba Agriculture and Animal Husbandry School merged to form Aba Vocational School. Another policy changed specialized schools into senior secondary schools teaching the standard senior secondary school curriculum. For example, Barkham Normal School changed to Aba Nationalities Senior Secondary School. The drawback to such actions is that the newly formed schools are neither effectively supported nor sufficiently equipped to provide high quality vocational training that, in turn, fails to attract students. These programs depend on tuition to meet part of their operating revenue; a decreased student enrolment leads to decreased operating funds. Furthermore, Tibetan areas struggle to complete the government mandate for compulsory 6- and 9-year education. As such, government spending in vocational education is limited because funds are lacking. This combination of factors binds vocational training programs and causes them to run on extremely limited budgets. For example, according to information provided by the Aba Education Bureau, it has an annual budget of only 100,000 RMB to plan for vocational training—this in a prefecture with 13 counties—which is far from adequate to build a quality vocational training program.

Lack of funds is related to many related problems. Vocational training programs lack access to qualified teachers because most programs do not offer salaried positions to qualified individuals. Compounding the problem, the programs cannot afford to send their existing teachers to inland training schools to receive specialized training in relevant courses. As such, the programs have teachers with out-dated teaching methods, who are not practitioners or skilled in the areas they should teach. Additionally, schools do not have the authority to replace unqualified teachers. Consequently, such teachers retain their position until they retire.

Therefore, the schools can only wait until a position becomes available to hire a qualified teacher.

Furthermore, existing vocational training programs cannot afford to build necessary, adequate facilities. This is apparent in the lack of practice-based and experimental facilities. For example, Yushu Vocational School has only two practice cars for 8 terms of driving classes and 40 computers for 280 students. There is no kitchen where budding chefs can practice cooking. Students are confined to reading lessons and unable to gain necessary practice skills, an essential component of vocational training.

Teaching materials are inadequate because they have not been specially developed to be relevant to local areas; they were created in other parts of China. There is no further incentive to create or adapt proper teaching materials, either at government or institution level, partly due to lack of effective educational policy and partly because there is no relevant authority or expertise at the local level able to do so. This deficiency of direction and expertise extends to vocational training program curricula. At present, efforts have not been made to formulate sound curricula that are individually relevant to respective skills.

Another major problem with current vocational training programs is inadequate support in preparing students for graduation, i.e., there is no job placement service that grooms students in interview skills, resume writing and networking. Vocational schools are thus unable to connect graduates to relevant industries.

Furthermore, although government emphasizes the importance of vocational education, it is considered a second-class education. General secondary education remains the priority for both education administrators and parents. Vocational education is seen as fitting for those who fail to pursue an academic education. For many students and their parents, the only purpose for secondary school education is to prepare for and pass national entrance exams and enter a university. More importantly, for many education administrators, the indicator for the quality of education is usually the number of students who pass national entrance exams and it has nothing to do with vocational education.

It must be said however, that attitudes are changing due with increasing difficulties in finding jobs with college degrees. Relevant vocational training programs can find a clientele. For example in spring 2006, the Education Bureau of Huangnan Prefecture supported a training program on shoe repair and polishing and selected 10 young Tibetans from impoverished farmer households. After the training, they provided basic facilities and equipment to the trainees who subsequently had little difficulty in finding customers, since Tibetans had not previously involved in such work (Zhejiang and Sichuan natives dominated). After some time, they discovered that they could make much more money than anticipated and continued their work (see Figure 5.1). With work experience and accumulated funds, they may begin their own small businesses in the future.

Figure 5.1: A Young Tibetan shoe polisher near the main street of Huangnan Prefecture seat.²⁷



Another example is automobile repair training provided by Bange Vocational Training Center, Bange County, Nagchu Prefecture, TAR. In summer of 2003, the vocational training center started training classes in automotive repair for local Tibetans. Due to difficulty in finding qualified trainers, the center hired an experienced Tibetan driver to teach. Seven recently graduated trainees have opened car repair shops in the county seat, most of which are successful businesses. At present, other than one Chinese-owned car repair shop, Tibetans own all other car repair shops.

If training is provided to the right people, its impact on Tibetan market participation is significant. It is vital for vocational schools to design sound training programs based on market need. It is also important to prepare culturally appropriate and high-quality instructional material. However, given the reality of Tibetan areas, teachers with adequate formal education and able to deliver training in the Tibetan language are vital to a sound and practical vocational training program. Only then will Tibetan students learn effectively and better compete with Han migrants. Additionally, for the last several years, many inland university students cannot find jobs after graduation, and receiving further training in vocational skills is prerequisite to obtaining a job. This phenomenon further demonstrates the importance of vocational training in obtaining jobs in a competitive market.

5.4 Business training programs

²⁷Sources: fieldwork in the summer of 2006.

Business training is important because it directly affects market participation. As Pfferrermann (2005) argued, a well-designed business education contributes to individual achievement and to high societal aspirations. Businesses are main generators of jobs, incomes, taxes and technological innovation; economic and social development can hardly be achieved without dynamic firms. Business education thus plays a vital role in bringing people out of poverty by providing necessary skills and knowledge to effectively participate in the market.

Because only a few Tibetans run their own businesses in Tibetan areas, it is crucial to encourage Tibetans to participate in businesses activities. Business education plays a vital role in promoting Tibetans' participation in business, especially when combined with training that helps the development of individual models of enterprise-oriented thinking and behavior promoting entrepreneurship.

Business education and training is least developed in Tibetan areas. By transitioning from a planned economy to a market economy, China has witnessed a rapid growth in marketing and business education since the mid-1980s. Alon & Lu (2005) observed that in 1979, only one university in Shanghai enrolled a few dozen economic students and offered only 3 economics courses. Dramatic change has occurred; 18 percent of China's university students took business courses in 2001. However, because of poor education quality and the language barrier, few Tibetans can access such improvement in business education.

Currently only the School of Economic and Management, Tibet University and the Department of Tibetan Literature, Northwest Nationalities University offer business courses for Tibetan students. In the School of Economic and Management, business courses are offered by the Department of Economics and the Department of Industry and Commerce. Both were established in 2003. Currently the School of Economics and Management has 14 Tibetan and 22 Han Chinese teachers. A total of 782 students are in this school, but only half are Tibetan, the other half are Han Chinese. Tibetans account for 92% of the TAR population. Thus it is not convincing that this school aims to train Tibetan. Additionally, all textbooks are in Chinese.

The Department of Tibetan Language and Literature, Northwest Nationalities University is the only institute providing business courses solely to Tibetans. It began offering a BA business program to Tibetans in 2000 and is the first program providing a business management major to Tibetan students. Currently the program has 120 students from all Tibetan areas. Besides meeting the requirements of national entrance examinations, students must demonstrate strength in the Tibetan language, ensuring that nearly all students are Tibetan. Non-Tibetan students fluent in Tibetan are equipped to better serve Tibetan communities, particularly in comparison to non-Tibetans from inland China who have little knowledge of local Tibetan realities. An international NGO has supported the translation of 12 business-related textbooks into Tibetan. However, this program has only 4 teachers. Two are former Tibetan literature teachers and received 1-2 years training in business courses in an inland university. Another 2 were recruited from the first class of graduates in 2004. A challenge facing this program is to identify and hire qualified teachers given the fact that few Tibetans have received business course training.

Since the beginning of this century, several international NGOs have begun to pay increased attention to business training for Tibetans by supporting training programs with cooperating relevant local institutes. For example, both The Bridge Fund and Trace Foundation have supported several business management-training programs in Chengdu, Xining and Lhasa. However, they are unable to support a systemic training program.

Additionally, as I mentioned in chapter one, when I organized business training programs in different Tibetan areas, I was told that this was the first time such training was provided for the Tibetan business community. Business training is compulsory for enterprises to develop in many areas of China. This explains why business consulting companies increase in number in many parts of China, particularly, in China's coast areas. However, many Tibetan entrepreneurs do not know what business training program can offer, even after 30 years of the new economic policy. Many inland university graduates who majored in business administration find it a difficult to obtain jobs, but many Tibetan students do not even know what a MBA is. To certain extent, this phenomenon explains why Tibetans are marginalized in today's competitive market.

5.5 Educational impact on Tibetan market participation

It is clear that both secondary education and vocational education are unlikely to prepare for market participation. The extremely low enrolment in secondary schools affects Tibetan market participation, and the poor education quality further exacerbates this problem. Low enrolment means that only a few people receive secondary education. The poor quality of this education further assures Tibetans are unable to compete with non-Tibetan graduates. Poor quality education also lessens the incentive to enter secondary school. This phenomenon has affected Tibetan areas in Qinghai Province and elsewhere. Therefore, improving current education quality is more important than increasing the enrolment rate. If education quality remains the same, it will not improve the current situation in which Tibetans are unable to compete with non-Tibetan students.

The nature of vocational education means that it directly impacts people's market participation. Nevertheless, the picture of vocational education is not encouraging. For example, no qualified vocational school or vocational training program exists in many Tibetan areas. Each prefecture has at least 1 vocational school, but such schools are based on former teacher training or health-care schools; they simply changed their names to become vocational schools, but nothing changed in terms of school personnel and teaching resources. In addition, the Tibetan areas of China struggle to comply with the government mandate for compulsory 6- and 9-year education. Due to funding shortages, government spending on vocational education is limited. Consequently, although the importance of vocational training is vigorously promoted and emphasized in government documents and in the media, many prefectures lack effective vocational training schools. Additionally, business training is a critical factor for enterprises to develop further and compete effectively in today's competitive market in many other parts of China. Business education and training is very

poorly developed in Tibetan areas. All these factors confirm that Tibetan area education lags far behind other regions of China. The quality of education in fact is unbelievably low, despite the modern education introduced and practiced in Tibet for more than a half century.

Education provides people with ability to absorb technology and information, and to recognize new opportunities. It also provides freedom to break social traditions and taboos. “In more advanced economies, entrepreneurial forces, innovations and new enterprises emerge around universities, especially natural science and management-based faculties” (Lindahl, 2005, 72). Moreover, as Baumol et al. (2007, 268) noted: “Education and training also play a key role in the innovation arms race that is essential to sustain economic growth in any economy. Firms that have succeeded in “round one” cannot be expected to continue their success in subsequent “rounds” of competition unless their managers and workers have the skill necessary to generate innovations or, at the very least, to recognize and purchase the rights to innovations developed by others.” Education is critical. However, the poor education in Tibetan areas of China limited creation of an innovative environment and Tibetan market participation.

To better understand how poor education affects market participation, this section contextualizes it within the context of Tibetan businesses. As mentioned earlier, there are only a few Tibetan-owned businesses even though the majority of the population is Tibetan in Tibetan areas of China. Poor education is clearly a major cause of such phenomenon. This is revealed in a survey I conducted in 2004.²⁸

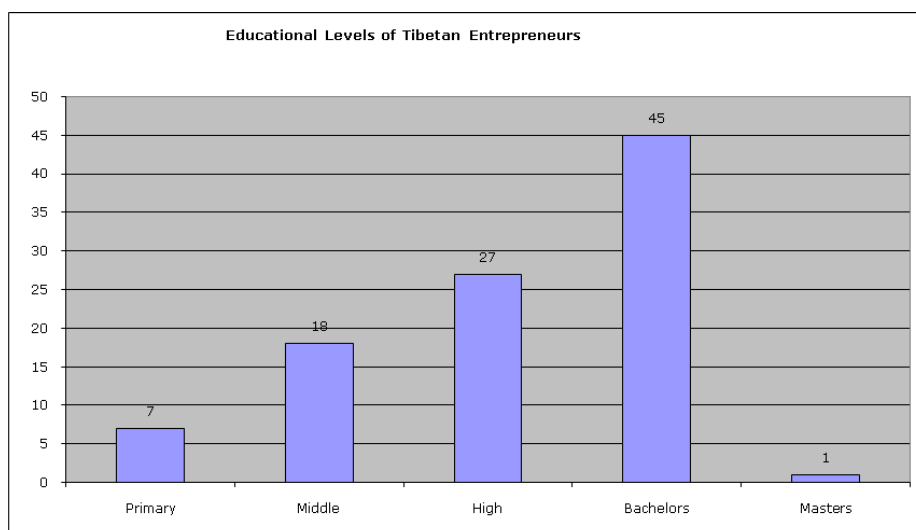
A general questionnaire on the current business situation of Tibetan private enterprises was prepared for Tibetan entrepreneurs for this survey. A total of 95 answers were received from Tibetan entrepreneurs. Among them, 36 were from the TAR, 27 were from Qinghai, 26 were from Sichuan and the remaining 6 were from Gansu and Yunnan provinces. Most represented enterprises were small: 35% of these enterprises had fewer than 20 employees and 33% had 20 to 50 employees. Seven percent indicated that they had more than 300 employees.

The Tibetan entrepreneurs surveyed had the following education levels (see Figure 5.2): 45% had a college education, 27% were high school graduates, 18% were middle school graduates and 7% had only a primary school education. This shows that most entrepreneurs have a relatively good education, most finished middle school and nearly half had a college degree. Given the reality that the number of Tibetan owned enterprises is extremely small and the number of Tibetan college graduate are limited, the surveyed entrepreneurs have better education than average, suggesting the value of education in establishing and operating enterprises. Meanwhile, more schooling could mean learning to maneuver in Han Chinese contexts, something that can be more important for success than the learning of specific

²⁸ I asked Tibetan entrepreneurs to complete the questionnaire and then collected them on-site. Before distribution, I introduced the questions and clarified any questions that arose. Those who completed the questionnaire were people I met during my research.

business or vocational skills. If we contextualize the entrepreneurs starting their businesses, the picture is even clearer. According to the survey, most such enterprises started in the late 1990s and early twenty-first century. This was the time that running a business became much more competitive—China’s open policy had been in effect for 20 years and the role of education was important in leading a successful business.

Figure 5.2: Educational level of Tibetan entrepreneurs.²⁹



Even though almost half of the surveyed entrepreneurs had college-level education, they cited problems in meeting the basic requirements of business management. One reason is that most of these entrepreneurs majored in Tibetan literature, instead of such relevant majors as business management or vocational skill training since there are virtually no such training programs. As such, they lack specific management and administrative abilities. Important skills include how to write efficient business plans, how to prepare financial plans and reports and how to conceptualize marketing strategies. Lacking such skills limits ability to access institutionalized credit and to develop new products targeting consumer needs. In addition, they do not efficiently manage such daily tasks as book-keeping. These factors combine to limit growth and the possibility of expansion. Without a long-term business plan, many Tibetan entrepreneurs overlook long-term opportunities in favor of short-term gain.

For example, 80% of surveyed Tibetan entrepreneurs have made a business plan. However, many said that they have business plans in their minds, and not on paper. Similarly, sales records exist only in the memories for 85% of those surveyed. Paper records are rare and difficult to locate.

²⁹ Sources: fieldwork in the summer of 2004.

Tibetans interviewed repeatedly say that the biggest problems confronting Tibetan business development are inadequately trained management and lack of basic business knowledge. Tibetan education and training in areas of Buddhism and Philosophy is world class, however, as demonstrated above, education in general is very poor. In particular there is almost no business education and training, explaining why few Tibetans are involved in business activities. This further reveals why Tibetan entrepreneurs are unable to run their enterprises effectively. Without qualified Tibetan managers available locally, a few Tibetan entrepreneurs hire Han managers, despite the high cost. Those surveyed explained that the cultural differences between themselves and potential Chinese managers create trust issues and communication challenges. Additionally, according to the survey, 60% of the interviewed entrepreneurs indicated that they do business entirely on their own, and not cooperatively with other enterprises.

As mentioned in previous chapters, Tibetan micro-enterprises are comprised of small retail shops, service-related businesses, and seasonal sidewalk businesses. Many concentrate their business efforts on activities they are culturally familiar with and which existed in traditional society, such as small hotels, restaurants and seasonal trades, including butter, yoghurt, wild mushrooms, herbs and medicines. Tibetans are rarely involved in businesses that require considerable skill or level of investment, such as computer repair shops, photography studios, Western-style clothes shops, electrical appliances sale and repair shops, and automobile sale and repair shops. These services are dominated by Han and, in some areas, Hui people.

Tibetans lack easy access to high-quality education. Particularly in rural areas, literacy and numeracy rates are low. Additionally, many Tibetans lack adequate Chinese language skills to access important local information and engage in much-needed networking practices. This is reinforced by the results of a survey of Tibetan entrepreneurs discussed above that suggests having an education contributes to business development. Most surveyed entrepreneurs have a relatively good education, with many finishing middle school and nearly half with a college degree.

Additionally, as Lindahl (2005, 72) observes, the level and spread of higher education forms the basis of business development in certain developing countries. Natural science and management related knowledge is particularly important to foster an entrepreneurial force. However, because of poor education in general, and because of the extremely low quality of secondary education, relatively few Tibetans receive higher education. Those who are qualified to enter university primarily enter nationalities colleges and major in Tibetan language and literature. Few receive education in natural sciences and management-based faculties. Two major reasons explain this: as I discussed above, because of the low quality of secondary education, the minimum passing mark for university entrance examinations show a large gap between Tibetans and Han Chinese at all levels. Additionally, many Tibetan secondary schools lack English courses (some schools began offering an English course at the beginning of this century) which is a major qualification to enter non-nationalities

universities. Consequently, Tibetans can hardly enter inland universities.³⁰ Secondly, during secondary school, Tibetan students cannot effectively learn science courses because of the reasons discussed above. Instead, they only performed well in Tibetan language courses. Therefore, when they qualify to enter university, they usually choose Tibetan language and literature as their major. Additionally, as I mentioned, a few colleges offer science courses in Tibetan medium; further limiting Tibetan students' choice when they enter college. Moreover, because of the limited choices in college, they not only must compete with non-Tibetans, but they also must compete among themselves after graduation in the job market. This acerbates Tibetans' place in the highly competitive job market.

Furthermore, as a result of the comparatively poor quality and low levels of education, Tibetan entrepreneurs are not in the habit of accessing information in order to advance their knowledge of new technology and investment opportunities. Without the habit of gathering information in order to improve product quality, Tibetan entrepreneurs do not engage in research and development. Therefore, even though Tibetan areas have such valuable natural resources as cattle, sheep hides, animal skins and meat, Tibetan entrepreneurs do not capitalize on this by developing new products, guaranteeing product quality and upgrading packaging techniques and design. They do not take advantage of available information to keep up-to-date with current practices and news about the market. In addition, Tibetan entrepreneurs lack a system of communicating and networking so that they can exchange information on current practices and concepts, identify and hire qualified employees and keep abreast of investment opportunities.

According to 63% of surveyed Tibetan entrepreneurs, management is the most urgent need for business training. Marketing is identified by 47% of these surveyed as the most urgent need. Other major training needs mentioned include how to prepare a business plan, market research and financial affairs.

These results show that Tibetan entrepreneurs believe management and marketing are crucial for business development. At the same time, these are also areas that need much improvement. The interviewed entrepreneurs indicated a strong preference for future training sessions, which they believed would improve their business performance.

Therefore, without better trained managers and the availability of basic business management techniques, the Tibetan entrepreneurial class will see its growth limited and increased business opportunities under the on-going policy of "Developing Western Regions" will be taken by others. Business education and training as noted above, is least developed in Tibetan areas. There are virtually no effective business training programs for Tibetans, hindering the development of current Tibetan-owned businesses. It also does not provide a conducive environment promoting Tibetan market participation.

³⁰ The Tibet *neidi* schools (inland secondary schools or classes) contend that almost all of their senior secondary graduates go on to higher education in China or back in Tibet. Not mentioning the quality of this model, the number of Tibetans who are able to join these schools are limited. In general, these schools mainly recruit students from TAR.

Poor education disadvantages Tibetans in the pursuit of various employment opportunities. As a socialist country, China historically assigned jobs to individuals. For example, before 1993, all college graduates were assigned jobs by the central or local governments, and their salary was also provided by government according to their education level and years of work. The governments also provided housing to individuals and households. Virtually all urban employment was with state-sponsored units. This has changed since China moved from a planned to market-driven economy. The state no longer assigns jobs to individuals. Instead, the government administrative bureaus and individual companies recruit employees by themselves.

The state job assignment system ended in 1994 when the civil service exam was established.³¹ The exam includes two paper exams and an individual interview. The interview is conducted based on the paper exam, and only those who perform well on the paper exam are qualified to receive an individual interview. Needless to say, because of poor education, Tibetan graduates can hardly compete with their Han counterparts. Although the government continues annual recruitment of new civil servants, the process has become increasingly competitive since the number of university graduates increases each year. For example, 1.14 million students graduated in 2001, which increased to 4.13 million in 2006; a four-fold increase within five years.³² Additionally, civil service is no longer a safety net once referred to as the “iron rice bowl”. However, many students and parents still consider it to be more stable than employment in the private sector, especially in Tibetan areas where alternatives to government employment are not as available as in inland areas. Therefore, most graduates see the civil service exam as the only choice for employment, making the exam very competitive. According to the Employment Bureau of Huangnan Prefecture, each year about 50-60 graduates compete for every open civil service position.

More importantly, most Tibetans do not speak Chinese. Therefore, it is important to have government employees who understand both Tibetan and Chinese, making it critical to include Tibetan language as part of the civil service exam. Relevant government documents stipulate that recruitment of new civil servants in autonomous areas should give preferential consideration to minorities. For example, in its “Detailed Rule for Recruiting Civil Servants”, the Qinghai Government stated that minority students taking the civil service exam will receive five additional points. Nevertheless, except for a few such special positions as Tibetan language teachers, Tibetan medicine and so on, most civil service exams in Tibetan areas lack a Tibetan language component. Civil service exams are open to everyone and Tibetan graduates must compete with their Han counterparts. Many local job positions are taken by Han since their education is much better than that of Tibetans.

³¹ The state job assignment system was terminated in the late 1990s in many Tibetan areas, but only in 2007 in the TAR.

³² See <http://news.sina.com.cn/z/applyforjob/>, accessed December 19, 2008.

Even though Tibetan language skill is extremely important for positions in Tibetan areas, civil service exams often ignore it. For example, those working as civil servants at the township level must speak Tibetan to communicate with local farmers and nomads who know no Chinese at all. Without the ability to speak Tibetan, they can do virtually nothing related to their civil service job. However, in 2007, in its announcement for recruiting township level civil servants³³, the TAR government only listed the required education level as qualification to take the civil service exam. Tibetan language skill was not tested. Consequently, 220 Han graduates obtained the jobs, which accounted for 39% of total recruited township-level civil servants.³⁴ Because of poor education, many Tibetans perform poorly on the exam and fail to obtain government jobs designed to serve Tibetan farmers and nomads. On the other hand, Han graduates who do not speak Tibetan can hardly communicate with those they should serve, thereby contributing nothing to Tibet's economic and social development while, nevertheless, receiving a high government salary.

Similar stories are common throughout Tibetan areas of China. For instance, according to information provided by Huangnan Prefecture, Qinghai Province, Zeku County recruited 150 teachers in 2006, but only 60 were from Huangnan Prefecture, the majority were from other parts of Qinghai. Many Tibetan college graduates in Huangnan Prefecture find it very difficult to obtain jobs, and many of them remain jobless for over 5 years or take part-time jobs, receiving 300-500 RMB monthly. Nevertheless, Zeku County's recruitment exam allowed people from outside the prefecture to participate. Consequently, the majority of the posts were held by these outsiders since they had received much better education than local people.

It is astonishing to contextualize this recruitment process within the reality of Zeku County, a nomad area, with more than 90% of the population being Tibetan of whom most speak no Chinese. It is essential to have, for example, teachers who speak both Tibetan and Chinese. Given Zeku's reality, it is appropriate to recruit only among Tibetan graduates. However, recruitment was not confined to Tibetans; rather it welcomed all nationalities from across Qinghai. The recruitment process did not include Tibetan language. Tibetans' poor education meant they were unable to compete with Han graduates who got the jobs. More strikingly, most of these newly recruited teachers could not teach efficiently since they know no Tibetan. Consequently, the Huangnan Education Bureau later hopes to replace each four of those newly recruited teachers with one Tibetan teacher. They believe one Tibetan teacher would do a better job than four Han teachers in the Zeku reality. Nevertheless, it is not easy to do so since these newly recruited teachers will not easily relinquish the opportunity they obtained with great effort. This is another prime example showing how government fails to take local

³³ See <http://tinyurl.com/lmb4w4>, accessed June 30, 2008.

³⁴ See <http://www.xzjydzx.gov.cn/newsshow.aspx?name=jcxzxtgwy>, accessed June 30, 2008.

conditions into account, wasting resources through implementation of improper policies. Simultaneously, it also shows how Tibetans' poor education disadvantages Tibetans in the job market since they can hardly perform better than Han counterparts as evidenced in the above example.

It is clear that education plays a vital role in Tibetan modern life. Since the Chinese Communists assumed power in 1950, Tibetans who received some education were assigned government jobs. With China's transformation from a planned economy to a market-driven economy, the state job assignment system was gradually terminated. Afterwards, education became a key factor in seeking job. Without a certain level of education and skills, it is impossible to find a job in the private sector since enterprise owners search for productive and skilled workers. In pursuit of its political purposes, government assigned jobs and showed preference to Tibetans. Today, however, passing the civil service exam is key to determine whom to recruit. Consequently, Tibetans must compete with non-Tibetans (mainly Han) for posts. Thus education quality is vital to win in the competition, while corruption is commonplace.

Additionally, work-based learning in addition to formal education is crucial to be more competitive in the job market. Skills in problem-solving, teamwork, contextualizing knowledge, communication and so on, are important in today's social and economic activities and are best learnt in the workplace. As Green et al. (2001, 431) observed: "Without the opportunity provided by a suitable workplace to acquire problem solving, teamworking, and to a lesser extent communication skills, education and formal training away from the workplace may not be an adequate substitute even for highly-motivated learners. It would therefore make good sense for public policy measures to play a more proactive role in encouraging employers to adopt practice that actively foster the development and utilization of greater skills." However, without Tibetan market participation and without jobs, they can hardly learn these greater skills. Instead, they are further marginalized in the marketplace.

Chapter 6 Conclusion

In concluding, I summarize the major findings first. I especially focus on how Tibetan culture, government economic development policies and education affect Tibetan market participation. Afterwards, a localized development approach in Tibet is proposed. It argues that development should fully take local conditions into account. In doing so, it will address the government's failure in economic and education policies in Tibetan areas thereby promoting Tibetan market participation and importantly, creating a sustainable economy.

6.1 Summary of the findings

Tibetan limitation in market participation is a complex, difficult issue. Many political, cultural, economic, social and environmental issues explain difficulties faced by Tibetans. However, it is clear that the 3 factors we have discussed are crucial.

The Buddhist nature of Tibetan society explains in part why it is difficult to apply a "rational" choice theory derived from self-interested individualist prototypes of Western society that many social scientists assume to be universal law. Because of the importance of Tibetan Buddhism in Tibetan daily life, religious activities were once held in monasteries and in virtually all corners of society, even constituting the major part of governmental work. After centuries of practice, Buddhism became the very lifeblood of Tibetans and its influence is seen in many aspects of daily life. In the midst of an unpredictable and extremely harsh natural condition, Tibetans are proud to be able to survive and feel sorry to see that many animals do not survive in such conditions. They feel that they are lucky to be born as humans, and hope their next life will also be human. To be born again as humans is a powerful wish and they put much effort in trying to achieve this end.

However, Buddhist theory itself does not prevent human participation in business as evidenced by the many monks and monasteries involved in business. On the contrary, Buddhism may be useful in promoting fair trade. The political and economic system in traditional Tibetan society created a monastery-centered and primarily, agricultural and animal-husbandry-based economy that discouraged development of a market economy. This centuries-old monastery-centered economy was something people were accustomed to and accepted. Moreover, given the Tibetan Buddhist emphasis on karma and the belief that sentient creatures experience suffering because of their previous negative actions motivated by afflicted desires, including desire for material gain, business profit is not a priority in the pursuit of a Buddhist life.

Additionally, although trade played an important role in traditional Tibetan society, to some extent, Tibetans' direct involvement in business remained limited to satisfying basic daily needs. This was accomplished by exchanging surplus produce between farmers and nomads. The numbers of Tibetans exclusively involved in business was relatively small, and businesses were often owned and operated by outsiders, which did not contribute to the

formation of a distinct mercantile class. Ironically, the limited trades owned by Tibetans were usually in the hands of monasteries and monks. Given the nature of Buddhism, it was clear that trade was not a priority. A well-developed market economic could hardly exist in such a society. Handicrafts remained the sole non-agricultural production, of which most were household-based and required low level technology. In short, the elements of a market economy were poorly developed in traditional Tibetan society, partially explaining why Tibetans have been unable to effectively participate in the market since the advent of China's new economy policy.

Secondly, since the Chinese Communist Party assumed political power, a planned economic system was established, prohibiting private economic activities. Therefore, even limited business activities between peasants and nomads ended. In terms of new economic activities, the central government introduced a modern industrial sector to Tibet which was unprecedented in traditional Tibetan society. However, because the government failed to take Tibet's realities into account it simply replicated the inland model of industrialization. Consequently, most modern factories in the TAR suffered significant losses from the day they started operation. Additionally, many of these modern factories recruited people from inland China. Tibetans' participation in these new economic activities were thus limited. To consolidate the central government's rule in Tibet, many Tibetans were trained as cadres, worked in government administration, and were nourished with the idea of the benefits of socialist ideology and a planned economic system. This resulted in the new political and economic system further exacerbating Tibetan limitation in market participation.

A market economy was gradually introduced after the advent of the new open economic policy. Private economic activities were permitted as early as the new economic policy was promulgated in Tibet. However, the central government failed to take Tibet's conditions into account. Instead of gradually opening the Tibet market to outsiders by training and encouraging local Tibetan participation in the market, many non-Tibetans from other regions of China flowed into Tibetan areas, mainly to major towns. As a result, the number of business owned by non-Tibetans overwhelmingly exceeds that of local Tibetans.

Furthermore, the majority of Tibetans live in the countryside. Therefore, development policy should focus on this sector. Farmers and nomads' benefit should be the government's major concern. Many changes, without question did take place in rural areas since 1950. For example, farmers began using more technology such as tractors for plowing and chemical fertilizers. However, many areas did not change much; basic technology virtually did not change at all in many nomad areas. For example, as Goldstein and Beall (1990, 51) asserted nomads' basic technology was the same as it was in the 19th century. The political and economic system dramatically changed under Communist rule. A market economic system gradually came into place with the advent of the new policy in 1980. However, many Tibetans, particularly nomads, production and the way of economic life registered little positive change. They continued their way of life as in traditional Tibetan society.

Moreover, given the fragile natural conditions and lack of industry, policies aiming to increase farmers' income and to promote their participation in the third sector are critical. As Hu pointed out:

“In terms of economy, having realized the futility of its former efforts to force industrialization in the TAR, the state changes its strategy from the late 1970s. First came the recognition of the limitations imposed by sheer force of geography. The high-altitude of the Qinghai-Tibet plateau, the roof of the World, precludes the development of high-yield modern agriculture and husbandry without putting an unsustainable strain on an already fragile ecosystem. On the industrial side, the labor-intensive, export-oriented, manufactory industrial sector that was the backbone of the economic growth of the Four Little Dragons in the 1970s, and of China's costal regions in the 1980s, simply could not be replicated in the isolated Tibet. By necessity, this left the service sector as the only plausible source of growth” (Hu, 2004, 52).

Indeed, local governments have since devoted effort to the third sector and subsequently, the private sector increased dramatically with countless small shops and manufacturing enterprises springing up. Today, the third sector is the largest in Tibet's economy. However, unfortunately, this only plausible sector is dominated by non-Tibetan migrants who are mostly Han from inland China. The government's economic development policy fails to take Tibetan limitations in market participation into account. Consequently, there is failure to have an inclusive economic development strategy encouraging local Tibetan participation in the market with the result that Tibetans are largely marginalized in the marketplace.

The political and economic system in traditional Tibetan society was a monastery-centered and primarily, agricultural and animal husbandry based economy that discouraged development of a market economy. Modern industry and education basically did not exist prior to 1950. Tibetans lack skills and knowledge needed for participation in modernization process. Therefore, education is a key factor that strongly impacts Tibetan market participation. Without a locally sound modern education in place, Tibetans are largely excluded from the development process.

Education not only provides knowledge and skills necessary for economic participation, it is also the primary agent of socialization in modern society and an instrument to fight social exclusion. Additionally, research into the social outcomes of education demonstrates a correlation between levels of education, health and social engagement.³⁵ Particularly, because Tibetan areas of China are ecologically fragile, a non-resource based approach must be adopted, reinforcing the crucial role of education in economic development in Tibetan areas of China. However, education is poorly developed in Tibet even though progress has been

³⁵ OECD, 2006, “Measuring the effect of education on health and civic engagement” proceedings of the Copenhagen symposium, available at <http://www.oecd.org/dataoecd/23/61/37437718.pdf>.

notable since 1950. Education practice in Tibet is not culturally appropriate and does not respond to the realities. Education quality suffers seriously from an improper choice being made as to the language of instruction, poor qualification of teachers, lack of materials and so on.

Additionally, in Tibetan areas, as in the rest of China, education has focused on preparing students to take examinations for higher education to the neglect of developing practical skills. More importantly, the nature of vocational and business education means that it directly impacts market participation. Nevertheless, although the importance of vocational and business training is vigorously promoted and emphasized in government documents and in the media, they are the least developed in Tibetan areas of China. The language barrier, since Chinese is the official language and many Tibetan students do not master it; improper teaching methodology, poor teacher quality and the poor quality of Tibetan education generally, are additional reasons why Tibetans cannot compete with non-Tibetan migrants.

The extremely low enrolment in secondary schools affects Tibetans' market participation, and the poor quality of education further exacerbates the problem. Low enrolment means that only a limited number of people receive secondary education. But because of the poor quality, Tibetans who do receive secondary education are unable to compete with non-Tibetan graduates. Poor quality education also lessens the incentive to enter secondary school, which makes it more difficult to develop quality education. Improving current education quality is much more important than increasing the enrolment rate. If the enrolment rate is increased but the education quality stays the same, it can hardly improve the current situation in which Tibetans are unable to compete with non-Tibetan students.

Hand in hand, the failure to take the reality of Tibetans' limitations in market participation into account is a key cause of Tibetan marginalization in the marketplace. Indeed, Tibetans lack knowledge and skills needed for market participation, particularly in the modern sector. This is witnessed by many Tibetan-owned businesses concentrated in sectors that rely on marketing and sale of Tibetan goods and cultural artifacts. The reasons why Tibetan businesses are unable to involve in modern skill-oriented markets, concentrating instead in certain limited areas, are complex. However, the fact that they often concentrate their business efforts on the things with which they are culturally familiar and which existed in traditional society shows, to some extent, that Tibetans continue their way of life and are generally not inclined towards activities not found within their own way of doing things. On the one hand, it is understandable that people tend to conduct business activities they are familiar with to avoid risks. However, on the other hand, it demonstrates Tibetans' limitation in the marketplace.

In response to this limitation, an economic development policy that encourages and promotes Tibetans' market participation is crucial. However, real policy fails to take the Tibetans' reality into account. Economic development policy in Tibet is growth-centered and largely ignores local people's participation. Consequently, instead of a sustainable economy, a dependent economy is created that not only heavily depends on central government financial support, but also depends on people from other areas. Ironically, local Tibetans

became the 'tourists' to enjoy showcases built one by one by people from other regions. In addition, because of the natural harsh conditions in Tibetan areas, many non-Tibetan immigrants do not intend to do business for a long time instead, they flow into Tibet for short term gains. Therefore, non-Tibetan immigrants are well prepared to compete with local Tibetans in terms of their experience and education level, but do not engage in sustainable business practice.

Both economic and sociopolitical conditions in Tibet are much different from the rest of China, while government development policy is similar to the rest of China. Therefore, it is not difficult to understand why policy does not work in Tibetan areas, though it was worked in other parts of China. This is another reason why non-Tibetan immigrants perform much better than local Tibetans; non-Tibetan immigrants experience similar policies in their home place and accumulated rich experience before entering Tibet.

Similarly, with failure of taking Tibetan limitations in market participation into account, vocational and business education is the least developed. Additionally, the education quality suffers seriously from such irrational factors as improper school instruction language, poor qualification of teachers and lack of materials. Since the majority of Tibetans do not speak Chinese, there is no question that Tibetan should be the main school instruction language. Studies have demonstrated that choice and use of the proper instruction language makes a huge difference in educational attainment. However, improper school instruction language remains a key factor contributing to the poor quality of education in Tibetan areas. This, again, shows the government's failure to take Tibetan conditions into account.

None of this is to discredit the huge economic growth and changes that have taken place in Tibetan areas, particularly since the advent of the new economic policy. Additionally, recognizing the many difficulties such as disparities between rural and urban, the central government started to pay more attention to China's rural areas since 2003. Huge investments have been made in agriculture and increasing rural household income has been emphasized. Enormous investment has been made in the construction of basic infrastructure and as a result, transportation in Tibet is much easier today than ever before. In addition, many local governments trained peasants and herders in construction, handicrafts, weaving and other skills. Increasingly farmers participate in non-farming income earning activities that are dominant economic strategies for some villages. However, among those involved in non-farming economic activities, the majority participates in such unskilled manual labor as carrying loads, mixing cement and so on; only a limited number of people are involved in businesses and other skilled jobs. More importantly, available non-farming jobs are often the result of large-scale government development projects. How these available jobs can be sustained is heavily dependent on the central government; this is not a sustainable local economy. This phenomenon reinforces the importance of local Tibetan participation in the market, and thereby promotes a sustainable economy. Nevertheless, the economic development policies in Tibetan areas continue to ignore Tibetan market participation need. As I have shown, economic and business development policies encourage furthering the opening of Tibetan areas and as such attract more non-Tibetans to Tibetan areas and

contribute to economic growth, further marginalizing local Tibetans in the development process.

After half a century, the phenomenon of Tibetan marginalization in the marketplace continue to be attributed to historical and cultural factors by many government officials, who rarely reflect on improper economic development policy. Similarly, poor education performance is also attributed to historical and cultural factors, and not on the current poor practice. Indeed, historical and cultural factors impact Tibetans market participation, and are the limitations of Tibetan market participation. Locally sound policy should address these limitations. People-oriented development is rooted in the realities of the area where people live. Sustainability is impossible without local people's involvement. Consequently, in order to have a locally sustainable economic development policy, it is vital to consider local conditions and equally important to promote local people's full participation in the market.

Wang & Zhu (2005, 6) argue that Tibetans are learning and will eventually learn the necessary skills from non-Tibetans immigrants, and that local people will eventually utilize their advantage and more people will participate in the market. Indeed, some Tibetans may obtain relevant skills for market participation through contacting non-Tibetan immigrants. Meanwhile, success stories of non-Tibetan immigrants attract more immigrants into Tibet, and the market grows more competitive. It demands sophisticated experience and skill in order to enter the market. This translates into there being much higher barriers for entering the market. If Tibetans are ready to explore the market after some years of experience under the new economic policy, entering the market is no longer easy. Their success not only depends on their experience, skills and connections, but also on their mastery of the Chinese language as Chinese gradually becomes the business language in their home area.

Labor markets are becoming more competitive not only in Tibetan areas, but all across of China. For example, according to research conducted by China Education Online, while the number of graduates increased from 1.14 million in 2001 to 3.38 million in 2005, the employment rate upon graduation decreased from 80% to 72.6% from 2001 to 2005.³⁶ The increased number of graduates and decreased employment rate demonstrates challenges in finding jobs. The situation is even more dire when the number of laid-off workers and surplus farmer labor is added. It was reported that China's unemployment rate was 4.6% in 2006, but this number only reflects the unemployment situation of China's urban areas. The unemployment rate would increase to 20% if rural areas were included.³⁷ This challenging situation is vividly illustrated by decreased salaries earned by graduates. For example, in Shanghai, the average monthly salary for a college graduate was 1,800 RMB in 2003, but had decreased to 1,200 RMB in 2006.³⁸ Facing such challenges, many graduates move their job

³⁶ *China Education Online*, available at <http://tinyurl.com/mp7pks>, accessed May 29, 2008.

³⁷ *China Economy Weekly*, available at <http://tinyurl.com/lr7nls>, accessed May 29, 2008.

³⁸ *China Economy Weekly*, available at <http://tinyurl.com/lr7nls>, accessed May 29, 2008.

destination from big cities to small cities and towns, from China's more developed coastal areas to such less developed areas as China's west, including Tibetan areas. This makes the situation even more difficult and challenging in Tibetan areas of China, given limited job availability. As I have shown, Tibetan graduates compete with non-Tibetans, mainly Han, and also compete among themselves due to their limited college choices. Local Tibetans are clearly disadvantaged in competing because of their extremely low level of education compared to other parts of China. Additionally, due to reasons I have discussed, such as improper school language of instruction, poor teacher quality and lack of teaching materials, Tibetan students usually perform better in Tibetan language than other subjects. Unfortunately, Tibetan language is usually not included in recruitment exams, though it is extremely useful and culturally appropriate when working in Tibetan areas. Consequently, Tibetan students can hardly succeed with various recruitment exams, and are further marginalized in the competitive job market.

Therefore, without affirmative economic development policy and action that takes local conditions into account, and promotes local people's market participation; a localized sound education system; and quality vocational training in place, the phenomenon of Tibetan marginalization in the marketplace will hardly change.

6.2 Towards a localized development approach

Development should be rooted where people live if people's well-being is the purpose of development. Since the beginning of the century, China started to introduce a people-oriented development approach. For example, in his report to the annual session of the National People's Congress (NPC) on the draft outline of China's 10th Five-year Plan (2001-2005) for economic and social development, Premier Zhu Rongji promised to allow employees to go on vacation with pay. Importantly, the number of economic indicators, formerly crammed into an economic development plan was trimmed to 38 from the previous 105 with one-third of the 38 targets closely associated with people's daily life, such as the cultural life of people and their living environment. Government promised to focus its effort on raising people's living standards, guaranteeing the harmonious coexistence of man and nature while striving for a sustainable, rapid and healthy economic growth so that future generations would not grumble about the unbridled exploitation of natural resources and short-term behavior with regard to the environment.³⁹ Since the 16th National Congress of the Communist Party of China in 2003, the Scientific Development with Harmonious Society and people-oriented approach were emphasized. More concern is paid to such vulnerable social groups as farmers. Particularly, increasing farmers' income and rural development is emphasized.

³⁹ *People's Daily* 03/15/2001, available at: <http://tiny.cc/mzQtO>, accessed May 29, 2008.

A localized development approach in Tibet corresponds to China's development strategy. Additionally, since rural Tibet comprises approximately 80% of Tibet's population, a development strategy focusing on rural Tibet meets the objective of a people-oriented approach, and is crucial to the central government's political concern of stabilizing Tibet. A localized development approach that fully considers local conditions and limitations would largely solve the problem of Tibetans' marginalization in marketplace.

However, as I have shown, the problems of Tibet's economic development are not isolated, rather they are interwoven. Many reasons explain the causes, but the government's failure of taking local conditions into account is critical. Without considering Tibet's realities, simply replicating the inland model to develop Tibet's industry, established enterprises could not meet local realities and needs, and has resulted in huge losses from their starting day of operation. Such modern enterprises did not generate expected capital for Tibet's economic development, and have become a heavy burden for local government. Consequently, local government must heavily rely on central government subsidy, creating a dependent economy. Additionally, most central government investment in Tibet is concentrated in urban areas, even though the rural population accounts for the majority. As a result, a huge gap between Tibet's rural and urban areas was created. In order to mitigate the gap, it is critical to promote the Tibet rural household standard of living by encouraging participation in non-farm income activities. But again, without considering Tibetans' limitation in market participation, the government simply replicated the inland model for opening up the market. Consequently, even though Tibet is a less developed area, it has become a labor import area. Many non-Tibetans, mainly Han, flow into Tibet and promote the development of the service sector, further widening the gap between Tibet's rural and urban areas. Tibetans are especially marginalized in the marketplace.

I have shown that education is critical for Tibet's economic development and Tibetan market participation. However, education in Tibet is poorly developed and much of the poor quality is due to improper instructional language, unqualified teachers and lack of teaching materials. As an official language of China, Chinese plays an important role in people's daily life and has become the business language in many Tibetan towns because of the increased number of Han migrants. Consequently, many government leaders and officials believe that to learn Chinese well is crucial for Tibetans to be more competitive in the market. In order to learn Chinese well, unquestionably, they order schools to adapt the second model of teaching, i.e., to use Chinese as the school instructional language, even though most Tibetan students do not speak Chinese. This ignores the realities of Tibet and the importance of mother tongue language in schooling. Consequently, Tibetan students do not learn the content of various subjects. The quality of education suffers enormously. Tibetans can hardly compete with Han migrants since they have much better education and much more business experience. However, instead of properly understanding Tibetans limitation in market participation, many government officials simply think having poor Chinese language skills is the major reason Tibetans cannot effectively compete with Han migrants. They then further promote the notion that Tibetans must learn Chinese. Indeed, to learn Chinese well is critical for Tibetans to

better compete with Han migrants and there are many ways to learn Chinese. However, most Tibetan schools choose the second teaching model as a means to learn Chinese well, sacrificing intended course contents and neglecting education quality, which is critical for Tibetan market participation. This is another tragic example demonstrating how government fails to take local conditions into account in Tibet's development process.

A localized development strategy, first and foremost, should understand the real local conditions of the area and society concerned. However, as I have repeatedly argued, Tibetan marginalization is largely due to the failure of taking Tibet's conditions into account in both the government's economic development policy and its practice of education. Historical and cultural factors also impact on Tibetan market participation, but human attitudes, beliefs and values are changing within the contextual reality, particularly with improvement in existential security. Therefore, a development strategy based on local conditions that aims to increase local people's well-being is fundamental not only for Tibet's economic change and growth, but more importantly, it is the key to promoting Tibetans market participation. At the same time, Tibetans full participation is crucial to building a sustainable economy.

The Tibet Plateau is often called the "Roof of the World" and the "Third Pole of the World" since its average altitudes range from 3,000-5,000 meters above sea level. Because of its high attitude, the weather is harsh and arid. It is deteriorating environmentally as a result of geological movement and global warming. Its ecology is extremely fragile. Shrinking lakes, glaciers and grassland threaten the Plateau. At the same time, abundant natural resources also shape the external environment in which Tibetans live, although access to these resources is often limited to the state sector. In total over 100 kinds of minerals, including gold, silver, copper, iron, aluminum, antimony and lithium, have been discovered. Eastern Tibetan areas have impressive timber resources. In addition Tibetan areas are home to a great variety of wildlife, including white-lipped deer, musk deer, blue sheep, wild yak and Tibetan antelope, and to a vast array of indigenous flora, including 913 kinds of medicinal herbs. Tibet is also the source of many great rivers and is known as the "Water Tower of China" and the "Water Tower of Asia". Tibet is a source of life not only to China, but also to many Asian countries. Tibet's environment has always been of crucial importance to the world. Additionally, as Shi et al. (2006, 10) observed, when the Tibet Plateau is included in China's ecosystem, the Tibet Plateau's value cannot be calculated in terms of material production. In particular, it cannot be measured in GDP terms. Instead, one should take the value of the Tibet Plateau's ecosystem service and natural capital into account. Negative changes in the Tibet Plateau's ecosystem directly affects China's ecosystem, impacting its safety and development.

Environmental protection in Tibetan areas of China is not only in the interest of China, but is critical to Asia and our planet. The nature of the extremely fragile ecological system of the Tibet Plateau, reinforces the importance of environment protection in Tibetan areas of China. Therefore, environment protection should be a priority of Tibet's economic development strategy. Environmental deterioration in Tibet is often due to geological movement and global warming, but it also affected by unrestricted human activity. For

example, taking the increased number of livestock as the indicator of development, Maduo County of Guoluo Prefecture, Qinghai Province, saw an increase in livestock number while neglecting grassland grazing capacity. In 1979, the number of livestock increased to 677,600 and Maduo was listed as a rich county in China. However, because the number of livestock exceeded the grazing capacity of the grassland, deteriorated grassland increased from 10% to 70% of the total from the 1960s to 1998. Consequently, the number of livestock decreased 55.8% from 1979 to 1999, and Maduo become one of the poorest counties in the country. Since 1995, the rate of desertification has been 20%, and 80% of its lakes and rivers have dried (Nan, 2002, 86). The terrible effect of grassland deterioration is also demonstrated by the loss of livestock weight. The average weight of a sheep and yak in Maduo County was 40-50 kg and 400-500 kg, respectively in 1970s, but only 20-25 kg and 300 kg at the beginning of the new century (Shi et al., 2006, 145). Though this is a single case, it demonstrates the terrible results of improper development policy. In addition, the total area of eroded land in China is 3,600,000 km² and the Tibet Plateau possess one third of that total (Shi et al., 2006, 103). According to Deng (2005, 131-139), each year about 1,310,000 hectares of grassland of the Tibet Plateau on average became deteriorated land from 1980 to 2000. If this deterioration speed stays the same, more than 50% of Tibet plateau's total grassland will be deteriorated by 2010. Additionally, from 1980 to 2000, the average annual grassland deterioration rate of Tibet plateau was higher than China's average, increasing 0.98% for China as a whole, but 1.16% on the Tibet Plateau. In terms of reasons for grassland deterioration, Deng concluded that, even though natural cause was an important factor, human activities such as overgrazing were major causes.

Recognizing this serious environmental problem in China's west of which the Tibet Plateau comprises a huge area, China's Western Regions Development Program designated environmental protection as the foundation of the policy. Such emphasis on environmental concerns makes this strategic policy different from previous practices that sacrificed the environment for the sake of economic development. These environmental problems not only substantially hinder the economic development of Tibetan areas of China, but also place the rest of the country at great peril as evidenced by the 1998 flood. Therefore, improving the environment must be the top priority of any government policy in developing the Tibetan Plateau and also corresponds to China's Western Regions Development Program.

Beside the extremely fragile environment, strong belief in Tibetan Buddhism is another special characteristic of Tibetan areas of China. As discussed above, Buddhist activities are evident in all aspects of Tibetan society and Buddhism is the very lifeblood of Tibetans. Its influence is manifest in all aspects of daily life. Additionally, animal husbandry and farming are well-adapted to the high altitude environment and are the backbone of Tibet's economy.

Tibetans have always sought to learn and understand the natural environment in which they live and have always been aware of the interdependent nature of this world. A general taboo against exploiting the environment was a direct result of Tibetan Buddhist knowledge, and beliefs about inter-relationships between plants and animals. After centuries of practice, it has become difficult for many Tibetan to differentiate between the practice of religion and

concern for the environment. Therefore, Tibetan Buddhism and its high-altitude adapted economy of animal husbandry and farming are perfectly compatible.

True development of Tibetan areas will take the limits of the ecosystem into account and will employ Buddhism rather than oppose it as 'backward' and 'superstitious'. Buddhism is based on causality and a belief in the power of reason, which accords well with modern scientific methodologies, even if it is at odds with the ideology of materialism. To employ Buddhism is even more meaningful for a people-oriented development strategy because it carries ideological weight in Tibetan communities. Tibetan well-being cannot be realized without Buddhist value.

Approximately 80% of Tibetans live in rural areas and animal husbandry and farming are their major economic activities and sources of income. Rural poverty is the key that hinders economic development of Tibetan areas of China, therefore, focus on Tibet's rural area is not only important for economic change and growth, but crucial to realize and benefit rural Tibetans thereby increasing the well-being of the majority of Tibetans. However, since the environment is extremely fragile, expanding the scale of its economic backbone of animal husbandry and agriculture are not the option. Instead, how to utilize its high-altitude adapted animal husbandry and farming production and their uniqueness should be the focus of the economic development strategy. Additionally, this strategy should be accompanied by appropriate use of modern technology thereby not only utilizing its uniqueness but also creating a high value-added and competitive production.

As the "Roof of the World", Tibetan areas produce items that have special value, such as yaks and barley. Their uniqueness is because of the natural environment. For centuries, Tibetans have adapted to the natural environment in which they live. Therefore, the key for a localized development strategy is how to combine Tibet's unique production with today's modern high technology. At the same time, how to utilize Tibetan traditional culture, especially Tibetan Buddhist culture for the sake of environmental protection is another key issue for economic development in Tibetan areas. For centuries Tibet's ecosystem was kept in balance and alive out of a common concern for all humanity. Tibetan Buddhism's contribution to environmental protection cannot be replaced by laws since it is based on strong Tibetan value and belief in Buddhism. Therefore, to protect Tibetan Buddhist culture is not only crucial to having a sustainable economy, but also important for Tibetan well-being.

More specifically, by taking Tibet's environment, production and cultural conditions into account, Tibet's economic development should focus on how to develop high-end, environmental-friendly and culturally-sensitive production. This means manufacture, tourism and other production in Tibet should be value-added by combining Tibet's unique resources with modern technology. Environmental concern is best taken into account in the processing procedure, and production should occur without damaging the environment. At the same time, relevant Tibetan cultural value is attached to the production, adding additional cultural value making it more attractive and competitive. Consequently, the fragile environment is highly realized by focus on high-end, but not mass production, and is further protected with measurement during production processing. Meanwhile, Tibet's unique material resources

are better marketed by attaching profound cultural value, further demonstrating the uniqueness of Tibetan production. Since markets become increasingly competitive, the proposed development strategy is the only way to integrate Tibetans into a competitive market while preserving their culture and environment.

Such a localized development policy considers local environment conditions and production and local culture. Tibet's economic development should be based on local environment and production conditions, while utilizing Tibetan culture for the benefit of creating a sustainable economy. The best people who understand their environment, production condition and culture are Tibetans themselves. Consequently, Tibetan market participation would be largely realized if such a localized development policy were implemented.

Affirmative policies in all businesses and institutions are required, with government actively promoting rural development and local Tibetan participation in the market. Massive expansion of social and business services, such as education and information technology, are needed. Particularly, quality education is required to implement a sound localized development strategy and more importantly, is a key precondition for Tibetans to fully participate in today's competitive market.

As I have mentioned, education has greatly progressed since 1950. However, a large gap exists between the educational attainments of Tibetans and the Han Chinese ethnic majority and even between Tibetans and other ethnic minorities. The high level of illiteracy and the extremely low level of enrollment in secondary education illustrates the need for further investment in education. Many schools remain severely under-funded, particularly in rural areas where the education situation is exceptionally poor. Many schools lack a library, adequate dormitories and classrooms. A serious scarcity of teaching equipment, particularly laboratories for science courses are common to most schools in Tibetan areas of China. These factors not only affect the school enrollment rate, but also severely impact education quality. Poor quality adversely affects school enrolment. Therefore, it is necessary to improve education infrastructure with priority given to improving education quality.

The best way to improve education quality is to consider local real conditions—a localized approach. The majority of Tibetans do not speak Chinese, but Chinese is the main instruction language of secondary schools and colleges. This fact fails to take local conditions into account and is a major cause of poor quality. Tibetan-medium education system from primary to university level is key to improve the quality of education. It would also result in having true bilingualism given the reality that Chinese is the official and business language. Poor quality teachers and lack of teaching materials are also factors that severely affect the quality of education. Training qualified bilingual teachers and preparing quality Tibetan language teaching materials are the foundation not only for improving the quality of education, but also for establishing a Tibetan-medium education system.

Regarding Tibetans' market participation needs, improving the quality of secondary education in general is crucial as is emphasizing the importance of vocational and business training. They both directly address the current needs of market participation. Again, lack of

qualified and experienced teachers is a key factor hindering the development of vocational education. The limited number of vocational schools in Tibetan areas lack qualified and experienced teachers appropriate to the subjects taught. These teachers are not on the existing faculty because vocational schools have recently been either merged or renamed, without substantive changes to the faculty of the schools. Furthermore, the schools cannot hire new teachers with relevant qualifications because they lack money to offer additional salaried positions. Another effect of limited funds is that the schools cannot send existing teachers elsewhere to receive appropriate training and qualifications. Without appropriate faculty and sufficient guidance from the government, vocational schools can neither develop good teaching materials nor purchase necessary teaching supplies so that students receive practice in adequate skills.

Given the large number of potential trainees and the many different needs of vocational skills, it is inappropriate and inefficient to send students for training in other areas of China. The alternative is to improve and further develop the capacity of existing local vocational institutions. These schools understand the local realities, can provide appropriate instruction in the local language and have the long-term capability of training local workers and creating job opportunities for a wide segment of students. Qualified teachers are the most critical need for these schools. In order to have a sound vocational training program, relevant subject content and teaching methodology are required. Teacher training should focus on how to better manage a vocational school, how to identify skill needs and tailor courses to these needs, how to improve curriculum and how to establish and manage a career service center.

The poor quality of education in general, specifically the poor vocational training programs, negatively impacts the employment opportunities of Tibetans. Thus it is vital to improve the competitive ability of Tibetans with improved quality of education so that they have enhanced employment opportunities. In addition, the poor quality of vocational training programs has not inspired the confidence of local people. Vocational education is not as highly-regarded as general education and the lack of local support for these programs reinforces the vicious cycle of poor quality, insufficient funds and half-hearted government direction. A large number of unemployed Tibetans demoralizes the community, is a burden to rural areas and perpetuates poverty. This reinforces the importance of having quality vocational education.

Because of the recent significant government investments in Tibetan areas, initiated by the policy of developing the western regions of China, there is significant opportunity for vocational training programs to feed a skilled labor force into potential areas of growth, such as tourism and construction. By doing so, these programs can be the vehicle that drives the increased ability of Tibetans to compete for jobs in a rapidly changing job market. Unfortunately, unless the quality of vocational training programs can be improved and appropriate courses can be identified, these opportunities will be lost to the Tibetan community.

Inadequately trained management and lack of basic business knowledge are other factors hindering Tibetan market participation, particularly running businesses. Historically, Tibetan

education and training in areas of Buddhism and Philosophy is world class, but business education and training is virtually non-existent. Without better trained managers and the availability of basic business management techniques, the Tibetan entrepreneurial class will see its growth limited and increased business opportunities engendered by the ongoing policy of "Developing Western Regions" taken by others. Additionally, by extending the impact of the training to small businesses and entrepreneurs, the effect on the Tibetan business environment will be much greater than any individual organization could ever achieve. Because improving the investment climate for larger corporations can only come with the development of a vibrant small business community, it is in China's self-interest to promote economic reform through effective training. Thus business training to Tibetans will not only promote Tibetan market participation, but will also contribute to establishing a conducive investment environment, particularly when the Tibetan Buddhist value of fair trade is emphasized.

However, since Tibetan marginalization in the marketplace has deepened over the last several decades, such a localized development approach can hardly have an immediate effect on Tibetan market participation. Much time is needed to realize educational effect. Therefore, without certain restriction on non-Tibetan immigration and without active government support for Tibetan market participation, it is difficult to solve the problem of Tibetan marginalization. Thus, it is vital for government to adapt its rich experience of gradually opening China's market to the outside in a Tibetan-friendly context. At the same time, vigorously expansion of vocational and business training to Tibetans is advocated while establishing a quality Tibetan medium education system.

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Appendix A: Basic information of each Tibetan region and prefecture of China.

1. Tibet Autonomous Region.⁴⁰

Land Area		1.2 million km ²			
Average Elevation		4,000 m			
Annual Average Temperature		-5 – 8°C			
Prefectures		1. Shigatse		4. Qamdo	
		2. Nagchu		5. Ngari	
		3. Lhokha		6. Nyingchi	
Capital Seat		Lhasa			
Population (2007)	Total	Rural Population	Tibetan	Han	Other
	2,735,900	83.2%	95.14%	4.04%	0.82%
Educational Attainment (2006)		Primary School	Junior Secondary school	Senior Secondary school	College and Higher Level
		44.01%	11.22%	2.84%	1.06%
Illiteracy Rate (2006)		45.65%			
Per Capita Income (2006)		Urban Households		Rural Households	
		9,541 RMB		2,435 RMB	

⁴⁰ NBS, 2007; Tibet Statistical Yearbook, No. 20, 2008.

2. Aba Prefecture, Sichuan Province.⁴¹

Land Area		84,242 km ²				
Average Elevation		3,500 – 4,000 m				
Annual Average Temperature		0.8-8.9°C				
Counties		1. Barkham ⁴²			8. Wenchuan	
		2. Jinchuan			9. Lixian	
		3. Xiaojin			10. Maoxian	
		4. Ngawa			11. Songpan	
		5. Dzoge			12. Jiuzhaigou	
		6. Hongyuan			13. Trochu	
		7. Rangtang				
Population (2007)	Total	Rural	Tibetan	Han	Qiang	Hui
	874,000	78.8%	55%	22.5%	18.7%	3.3%
Per Capita Income (2007)		Urban Households			Rural Households	
		10,726 RMB			2,406 RMB	

⁴¹ Aba government, <http://tinyurl.com/l5cl4x>, accessed December 31, 2008.

⁴² The prefecture seat is located in this county.

3. Ganzi Prefecture, Sichuan Province.⁴³

Land Area		153,000 km ²				
Average Elevation		1,321– 4,200 m				
Annual Average Temperature		7.8°C				
Counties		1. Dartsedo ⁴⁴		10. Nyarong		
		2. Luding		11. Baiyu		
		3. Danba		12. Batang		
		4. Dawu		13. Lithang		
		5. Drago		14. Damba		
		6. Ganzi		15. Derong		
		7. Sertar		16. Chachen		
		8. Derge		17. Nyachuka		
		9. Sershul		18. Gyadzi		
Population (2006)	Total	Rural	Tibetan	Han	Yi	Other
	930,500		78.7%	17.8%	2.8%	0.7%
Per Capita Income (2007)		Urban Households		Rural Households		
		10,178 RMB		1,692 RMB		

⁴³ Ganzi government, <http://tinyurl.com/kvqkn7>, accessed December 31, 2008. Ganzi government work report, April 13, 2008. Available at <http://tinyurl.com/msa58m>, accessed December 31, 2008.

⁴⁴ The prefecture seat is located in this county.

4. Huangnan Prefecture, Qinghai Province.⁴⁵

Land Area		18,000 km ²					
Average Elevation		1,960-4,971 m					
Annual Average Temperature		0-5°C					
Counties		1. Rebgong ⁴⁶			3. Tsekok		
		2. Jantsa			4. Henan		
Population (2000)	Total	Rural	Tibetan	Han	Mongolian	Hui	Other
	225,462	84.36%	66.4%	7.5%	13.5%	7.6%	4.9%
Educational Attainment (2000)		Primary School		Junior Secondary school	Senior Secondary school	College and Higher Level	
		34.44%		8.34%	7.01%	2.6%	
Illiteracy Rate (2000)		45.83%					
Per Capita Income (2006)		Urban Households			Rural Households		
		8,661 RMB			2,003 RMB		

⁴⁵ Qinghai Statistics Bureau, 2003 and 2006.

⁴⁶ The prefecture seat is located in this county.

5. Guoluo Prefecture, Qinghai Province.⁴⁷

Land Area		76,442 km ²			
Average Elevation		4,000 m			
Annual Average Temperature		- 1°C			
Counties		1. Machin ⁴⁸		4. Darlag	
		2. Matod		5. Jigdril	
		3. Gade		6. Padma	
Population (2000)	Total	Rural	Tibetan	Han	Other
	140,397	85.81%	91.6%	6.6%	1.8%
Educational Attainment (2000)		Primary School	Junior Secondary school	Senior Secondary school	College and Higher Level
		21.36%	8.67%	6.30%	1.55%
Illiteracy Rate (2000)		51.33%			
Per Capita Income (2006)		Urban Households		Rural Households	
		9,336 RMB		2039 RMB	

⁴⁷ Qinghai Statistics Bureau, 2003 and 2006.

⁴⁸ The prefecture seat is located in this county.

6. Yushu Prefecture, Qinghai Province.⁴⁹

Land Area		268,400 km ²			
Average Elevation		Over 4,000 m			
Annual Average Temperature		-5 – 18°C			
Counties		1. Yushu ⁵⁰		4. Dzato	
		2. Trindu		5. Chumarleb	
		3. Nangchen		6. Drito	
Population (2000)	Total	Rural	Tibetan	Han	Other
	268,825	88.81%	97.1%	2.3%	0.6%
Educational Attainment (2000)		Primary School	Junior Secondary School	Senior Secondary School	College and Higher Level
		16.98%	4.81%	4.47%	0.89%
Illiteracy Rate (2000)		66.71%			
Per Capita Income (2006)		Urban Households		Rural Households	
		9,778 RMB		1,923 RMB	

⁴⁹ Qinghai Statistics Bureau, 2003 and 2006.

⁵⁰ The prefecture seat is located in this county.

7. Hainan Prefecture, Qinghai Province.⁵¹

Land Area		46,000 km ²				
Average Elevation		3,700 m				
Annual Average Temperature		0 – 3°C				
Counties		1. Gonghe ⁵²		4. Tongde		
		2. Guide		5. Xinghai		
		3. Guinan		6. Lonyangxia		
Population (2000)	Total	Rural	Tibetan	Han	Hui	Other
	401,743	81.72%	62.7%	28.1%	6.9%	2.2%
Educational Attainment (2000)		Primary School	Junior Secondary school	Senior Secondary school		College and Higher Level
		36.95%	14.12%	8.21%		2.28%
Illiteracy Rate (2000)		35.07%				
Per Capita Income (2006)		Urban Households		Rural Households		
		7,797 RMB		2,640 RMB		

⁵¹ Qinghai Statistics Bureau, 2003 and 2006.

⁵² The prefecture seat is located in this county.

8. Haibei Tibetan Autonomous Prefecture, Qinghai Province.⁵³

Land Area		34,058 km ²				
Average Elevation		3,000 m				
Annual Average Temperature		-5.7 – 2.3°C				
Counties		1. Haiyan ⁵⁴		3. Gangcha		
		2. Qilian		4. Mengyuan		
Population (2000)	Total	Rural	Tibetan	Han	Hui	Other
	276,723	79.12%	24.2%	36.6%	30.5%	8.7%
Educational Attainment (2000)	Primary School	Junior Secondary school	Senior Secondary school		College and Higher Level	
	40.35%	18.12%	9.06%		1.91%	
Illiteracy Rate (2000)		27.64%				
Per Capita Income (2006)		Urban Households		Rural Households		
		9,016 RMB		2,269 RMB		

⁵³ Qinghai Statistics Bureau, 2003 and 2006.

⁵⁴ The prefecture seat is located in this county.

9. Haixi Tibetan and Mongolian Autonomous Prefecture, Qinghai Province.⁵⁵

Land Area		325,800km ²					
Average Elevation		Above 3,000 m					
Annual Average Temperature		-5.6-5.2°C					
Counties		1. Delingha ⁵⁶			5. Tainjun		
		2. Ge'ermu			6. Dachaidan		
		3. Wulan			7. Lenghu		
		4. Dulan			8. Mang'ai		
Population (2000)	Total	Rural	Tibetan	Han	Mongolian	Hui	Other
	369,136	54.12%	11.4%	65.6%	6.9%	12.4%	3.7%
Educational Attainment (2000)		Primary School		Junior Secondary school	Senior Secondary school		College and Higher Level
		31.88%		28.26%	18.22%		4.73%
Illiteracy Rate (2000)		15.05%					
Per Capita Income (2006)		Urban Households			Rural Households		
		9,691 RMB			2,587 RMB		

⁵⁵ <http://tinyurl.com/nvsgaj>, accessed January 1, 2009. Qinghai Statistics Bureau, 2003; 2006.

⁵⁶ The prefecture seat is located in this county.

10. Gannan Tibetan Autonomous Prefecture, Gansu Province.⁵⁷

Land Area	45,000 km ²				
Average Elevation	3,000 m				
Annual Average Temperature	8°C				
Counties	1. Hezuo ⁵⁸		5. Diebu		
	2. Sangchu		6. Zhouqu		
	3. Lintan		7. Luchu		
	4. Zhuoni		8. Machu		
Population (2007)	Total	Rural	Tibetan	Han	Other
	705,372	94.05%	52.05%	42.99%	4.96%
Per Capita Income (2007)	Urban Households		Rural Households		
	6,877 RMB		1,711 RMB		

⁵⁷ <http://tiny.cc/ov210>, accessed January 1, 2009. Gannan government work report, January 11, 2008. Available at: <http://tiny.cc/LSHG9>, accessed January 1, 2009. Interview with Gannan Statistics Bureau officials.

⁵⁸ The prefecture seat is located in this county.

11. Diqing Tibetan Autonomous Prefecture, Yunnan Province.⁵⁹

Land Area		23,870 km ²					
Average Elevation		3,000 m					
Annual Average Temperature		4.7-16.5°C					
Counties		1. Shang'vila ⁶⁰			3. Weixi Lisu Autonomous County		
		2. Deqin					
Population (2004)	Total	Rural	Tibetan	Lisu	Han	Naxi	Other
	355,417	83.1%	34.53%	29.30%	14.39%	13.19%	8.6%
Per Capita Income (2004)		Urban Households			Rural Households		
		11,000 RMB			1,276 RMB		

⁵⁹ Foreign Affairs Office, Yunnan Government: <http://tiny.cc/Bcyxd>, accessed January 1, 2009. Fan, 2006.

⁶⁰ The prefecture seat is located in this county.

Appendix B: Tibetan educational attainment compared to the national average (2005).⁶¹

	No Schooling	Primary School	Junior Secondary School	Senior Secondary School	College	University	Graduates
National Average	10.37%	33.28%	38.35%	12.44%	3.61%	1.82%	0.13%
Tibetan	42.31%	41.62%	10.00%	3.58%	1.91%	0.56%	0.03%

⁶¹ NBS, 2005, 137-140.