An Entrepreneurial Transition? Development and Economic Mobility in Rural Tibet

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INTRODUCTION

Recent economic developments have transformed rural Tibet in significant and sometimes unanticipated ways. Although some critics allege that China’s development initiatives do not benefit rural Tibetans, or do so only marginally, we present evidence that many Tibetans are successfully adapting to rapid changes induced by government policies. This paper documents the rise of rural entrepreneurs in Tibet and the increasing scale and diversity of their economic endeavors. Herein, we define an entrepreneur as a person who organizes and manages a business undertaking, assuming risk in a quest for profit. In order to qualify as an entrepreneur, one must engage in economic activities that require capital investment and entail a degree of financial risk.

The upsurge of entrepreneurial activities in rural Tibet may seem counterintuitive given the bleak picture painted by some studies. For example, Fischer points out that Tibetan migrants to cities must compete for jobs on an uneven playing field against higher skilled in-migrants from other areas of China (2005:132-133, see also Fischer this volume and Yeh and Henderson 2008), an observation echoed by Wang (2009) who notes how China’s “Open Policy” on in-migration has encouraged people from other regions to establish small businesses in Tibet. In urban areas, competition from non-Tibetans who have more education and experience places Tibetans at a disadvantage when it comes to starting successful businesses. As a consequence, many niches for entrepreneurial activities are filled before Tibetans have even acquired the skills or capital to enter into competition (Wang 2009:14). Although Fischer and Wang shed an important spotlight on inter-ethnic economic competition in cities, the urban focus of their studies does not inform us of developments in the rural countryside where the overwhelming majority of Tibetans continue to live—a void in research that this paper seeks to redress.

In this paper we describe economic developments in our rural Tibetan fieldwork sites, and then present case studies to show how some Tibetans are capitalizing on new economic opportunities that stem both directly and indirectly from government development policies. Whereas many critics allege that China’s development initiatives benefit rural Tibetans only marginally, today’s rural entrepreneurs illustrate how some Tibetans are successfully negotiating the new matrix of opportunities. However, because Tibet’s economy is highly dependent on government investments, it is unclear whether the increase in entrepreneurial activities is sustainable over the long-term. Nevertheless, the case studies demonstrate several entrepreneurial pathways to upward mobility that are currently available, including farm-based initiatives, construction contracting, cottage industry, and retail business.

RESEARCH SITES AND METHODS

Between 2006 and 2009, we conducted four stints of fieldwork for a total of approximately nine months in three villages in Tibet’s Shigatse Prefecture.
to investigate the impact of modernization on rural families. The three villages, while not selected to represent all of Tibet, lie within a major agricultural corridor running between Tibet's two largest cities, Lhasa and Shigatse, which contains about 30 per cent of Tibet's population. They were selected to meet a research design comparing a continuum of villages from relatively wealthy to relatively poor (more to less affected by modernization). Two of these villages were also part of an earlier study by Goldstein and colleagues (Goldstein et al. 2003). Sogang, the least affected by development, is located in Panam County in the upper (mountainous) part of a tributary river valley, while Norgyong, the intermediate site, is situated below Sogang on the main river. Norgyong is located immediately beside the county seat in Panam. Betsag, the third site, is located only 10 kilometers from Shigatse City and was included to represent a wealthy farming village that is more heavily affected by mechanized agriculture and government development programs. Despite these economic differences, the three villages are geographically close and are part of the same Tibetan sub-ethnic cultural and linguistic zone. Table 1 provides some basic demographic details about the villages.

<table>
<thead>
<tr>
<th>Village</th>
<th>Households</th>
<th>Population</th>
<th>Mean household size</th>
<th>Mean income per household</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sogang</td>
<td>92</td>
<td>665</td>
<td>7.2</td>
<td>10,332¥</td>
</tr>
<tr>
<td>Norgyong</td>
<td>124</td>
<td>853</td>
<td>6.9</td>
<td>24,112¥</td>
</tr>
<tr>
<td>Betsag</td>
<td>93</td>
<td>712</td>
<td>7.7</td>
<td>35,759¥</td>
</tr>
</tbody>
</table>

Table 1: Summary of Fieldwork Sites, 2006. Note: At the time of our fieldwork in 2006-2009 the average exchange rate was 7.5¥ to $1.00. Source: Goldstein, Childs and Wangdui 2008.

The primary focus of our research on intergenerational relations and the shifting status of the elderly necessitated that we document the enormous changes sweeping rural Tibet in the wake of China's push to modernize the economy. As a component of this research, we interviewed over 50 individuals who earn income through non-farm employment. The data presented in this paper are drawn from those in-depth interviews.

The villages and families we studied have undergone several major socio-economic transformations over the past six decades. Traditionally, the families were part of the Tibetan manorial estate system and thereby were hereditarily bound to estates and lords. There were important differences within villages; some families were landless while others held hereditary usufruct rights to agricultural land from their lords and estates. Families with land farmed for their subsistence, and in return incurred a heavy tax burden in farm produce, corvée labor, and other obligations. Their main unit of production and consumption was the corporate family, named family entities that existed across generations. Their main strategy for increasing their wealth and power was to concentrate male labor in the family and prevent the fragmentation of their family's landholding through the marital practice of fraternal polyandry (see Goldstein 1971).

Manorial estates in Tibet ended after the failed 1959 revolt, and these villages became part of a new socialist political and economic system. A few years later, the state forcibly organized all villages and families into agricultural communes. Farm work was now organized by a small number of commune managers. Family members worked at tasks assigned by the managers so families were no longer units of production as they had no land of their own. Fraternal polyandry was no longer practiced, and in fact was banned by the government. Although meant to improve agricultural production, the commune system worked poorly. In conjunction with the ideological excesses of the Cultural Revolution, the system impoverished the rural population and even led to a series of revolts in 1969 (see Goldstein, Jiao, and Lhudrup 2009).

The next major change occurred in 1978-79 when Deng Xiaoping came to power, eliminated communes, implemented market economics and valorized the profit motive. In Tibet, communes were dissolved in 1980-81 and were replaced by the “Household Responsibility System” which again allowed families to function as units of production and consumption. The government distributed all commune land to its members on a per capita basis so that every person alive at the date of redistribution received one equal share as a long-term lease. A household consisting of seven members thereby received seven shares of land. The traditional Tibetan corporate family ideal quickly reemerged along with a revival of fraternal polyandry (Jiao 2001; Goldstein et al. 2002; Fjeld 2006). Keeping landholdings intact across generations was again a major objective because a family's land was given as a long-term lease from the state and could not be bought or sold. Therefore, there was no way to replace land that would be lost if a son married out of the household and claimed his rightful share (Goldstein et al. 2002).

The Household Responsibility System led to immediate improvements in the standard of living (Goldstein et. al. 2003), but several factors since 1982 have steadily eroded families' landholdings both in absolute and per capita terms. These included the natural increase of the population due to births exceeding deaths, the government's practice of using eminent domain to claim agricultural land for development projects, the loss of land through flooding and other forces of nature, and the use by families of some of their farmland for constructing new houses. Between 1982 and 1997 the amount of land per capita declined by 32 percent in Sogang and 33 percent in Norgyong.3

The new corporate families compensated for this, as

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3. These figures were derived from Goldstein, Jiao, Beall and Tsering's 1998 survey, and do not include Betsag because that village was not included in the 1998 survey.
well as for rising inflation and a shift of some expenses such as health care from the state to the family, by sending household members outside the village in search of wage-labor opportunities. By 1997, rural Tibetans in sizable numbers were seeking to supplement household incomes by engaging in non-farm economic opportunities. Specifically, in 1997 nearly 50 percent of rural households in our sample had at least one member engaged in non-farm labor for part of the year, and the number could have been higher had there not been a dearth of jobs in the construction industry which many Tibetans blamed on the influx of non-Tibetan migrant workers (Goldstein et al. 2003). Moreover, private entrepreneurs began to emerge albeit their numbers and ambitions were modest compared to the present.

Economic opportunities for Tibetans increased dramatically in the wake of China’s Develop the West Campaign (Ch. xibu da haijia). Launched in 2000, the campaign aimed to redress the widening gap between China’s relatively wealthy east and comparatively poor west, including Tibet, by infusing billions of dollars into development projects.4 In Tibet the government directed most initial expenditures toward large infra-structure projects such as highways, buildings, and the railway to Lhasa. At the commencement of the Develop the West Campaign, private enterprises in rural Tibet were either too small-scale to be noticed in official economic statistics, or virtually nonexistent. In 2001, state-owned units in Tibet were the source of 95 percent of investments in fixed assets for the region, and as Fischer notes, “very little formal investment takes place in the rural areas between the micro investments by households and the large-scale projects of the state sector” (2005:71-72).

A “People First” (Ch. yiren weiben; Tib. mi rtsa bar ’dzin) dimension was added to the Develop the West Campaign in 2006 to place more emphasis on social improvements and provide farmers with market opportunities for rural products.5 The centerpiece of the People First initiative, called the “Comfortable Housing Program” (Ch. anju gongcheng; Tib. bde sdod rnam grangs), aimed between 2006 and 2010 to provide direct subsidies to 80 percent of Tibet’s rural households so they could upgrade the quality of their houses.6

Table 2: Percent Earning Income by Age Category and Village. Source: Goldstein, Childs and Wangdui 2008.

<table>
<thead>
<tr>
<th>Village</th>
<th>Age</th>
<th>Males 1997</th>
<th>Males 2005</th>
<th>Females 1997</th>
<th>Females 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sogang</td>
<td>20-29</td>
<td>18.0</td>
<td>69.2</td>
<td>7.4</td>
<td>31.9</td>
</tr>
<tr>
<td></td>
<td>30-39</td>
<td>25.5</td>
<td>71.7</td>
<td>2.1</td>
<td>16.7</td>
</tr>
<tr>
<td>Norgyong</td>
<td>20-29</td>
<td>28.4</td>
<td>63.7</td>
<td>2.5</td>
<td>28.0</td>
</tr>
<tr>
<td></td>
<td>30-39</td>
<td>29.3</td>
<td>63.5</td>
<td>6.8</td>
<td>28.3</td>
</tr>
<tr>
<td>Betag</td>
<td>20-29</td>
<td>63.3</td>
<td>3</td>
<td>13.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>30-39</td>
<td>70.8</td>
<td>22.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Although the subsidies ranging from 8,000¥ to 12,000¥ only covered 15-20 percent of the cost to rebuild, the program’s popularity across the Tibetan Plateau led to a high demand for skilled labor as thousands of families began to rebuild their houses. Nearly half the 330 households in our three research villages participated during the program’s first four years (Goldstein, Childs, and Wangdui 2010).

Massive expenditures associated with the Develop the West Campaign further stimulated the emerging wage-labor market in Tibet. By 2005 over 90 percent of households in our research villages had at least one income earner, and over half had two or more (Goldstein, Childs, and Wangdui (2008). Table 2 provides a perspective on the emphasis rural Tibetans now place on non-farm labor as a component of their household economic strategy. Note the large increases in the percentages of males and females aged 20-39 who earn incomes.

Such a large increase in off-farm labor opportunities is typically associated with a shift from farming to urban-based economic activities. Fischer (this volume) reports that, according to official statistics, the proportion of the labor force engaged in farming and herding has declined from 76 percent in 1999 to 56 percent in 2008, thereby suggesting a rapid decline of the rural farm sector is underway. While there has certainly been permanent migration from our study villages to urban areas, we find that going outside the village to earn cash income does not necessitate abandoning the rural sector and the farm economy. In Tibetan corporate families, the head of the household assigns tasks to its members, and one such task is to go outside the village to earn income.7 For example, a person might leave home after the New Year holiday and spend the next seven months working elsewhere, then return to help with the autumn harvest and remain at home through the following New Year. Afterwards, he might go to a city to seek seasonal employment, or find work on a construction project in the countryside, or even stay home.

4. For general discussions of this campaign, see Lai (2002), Goodman (2004), and Holbig (2004).

5. Additionally, the Panam Integrated Rural Development Project (PIRDP) was undertaken in our research area between 2001 and 2005 as a collaboration between the European Union and the government of China. The government chose Panam County (where Sogang and Norgyong are located), Gyantse County, and Shigatse City (which includes Betsag) as “model areas for modernizing agriculture in Tibet” (Kaiser and Dui 2005). One impact in Betsag was the cross-breeding of hybrid cows with local animals to improve milk production.

6. Reports from Human Rights Watch (2006) and Robin (2009) argue that the government forces Tibetans to participate in the Comfortable Housing Program, compels them to build houses that are incompatible with traditional lifestyles, and impoverishes Tibetans by causing massive indebtedness. To the contrary, our own research shows that participation is voluntary, housing design is flexible, people are confident of their ability to repay loans, and most have positive opinions about the program (Goldstein, Childs, and Wangdui 2010). The reports by Human Rights Watch and Robin were based on information gathered from afar, whereas our report was based on in situ research that included extensive interviews with project participants and local government officials.

7. This is not a new practice. In the traditional society richer households often sent a son with the family’s team of donkeys or mules to earn income by transporting goods to and from India. Such individuals would stay outside the village for months at a time, similar to migrant laborers today.
and have another family member go outside the village to earn income that year.

Based on our household surveys, first-hand observations, and in-depth interviews with seasonal laborers, we suggest that statistics on the decline of rural labor, such as those cited above, are misleading. In our sample the majority of migrant laborers were not even working in urban areas. More important, most did not move full-time but remained members of their village households in both administrative terms (as recorded in residence documents) and practical terms (they remitted earnings to the household head, retained full rights to their share of the family’s land, and were often co-husbands in a polyandrous marriage). They saw themselves and were seen by their families as integral parts of their rural households. Our findings are supported by survey research conducted among migrant laborers in 2005 that found the vast majority of migrant laborers in Lhasa (78.8 percent) planned to return home (Ma and Lhundup 2008).

One problem with China’s labor statistics is that people are frequently classified as non-farm or urban laborers when they are actually firmly rooted in the village and the cash they earn is part of their farm household’s overall income. It is well-known that government officials have a tendency to skew statistics to fit certain agendas. On one hand, the TAR government wants to show progress with Tibet’s urbanization, a statistic used throughout China as a marker of development and modernization (see Yeh and Henderson 2008). On the other hand, classifying more people as urban workers allows urban areas to receive greater amounts of funding for services. The shift implied by government statistics is, to a considerable extent, an artifact of misclassifying seasonal rural migrant laborers as urban workers. Consequently, the tremendous increase in the numbers of villagers going outside to earn income does not imply a parallel shift in population from rural to urban areas as government statistics suggest. Supporting evidence comes from our research on rural households over many years. We find that the Tibetan countryside is not typified by a large number of young people leaving villages to make their way to urban areas on a permanent basis, leaving the old and infirm behind as is found in many parts of the world. While some people have left permanently, our study villages which are close to Tibet’s second largest city, Shigatse, remain vibrant centers of social and economic activity.

The above discussion of official statistics and their implications is important given the context of this paper’s focus on rural entrepreneurs. If a major shift from rural to urban employment is underway, and if the majority of entrepreneurial opportunities are concentrated in cities, then aspiring Tibetan entrepreneurs will face considerable obstacles due to competition from non-Tibetan migrants who tend to be more educated, have access to more capital, and possess a better understanding of how to navigate China’s business bureaucracy. But if the countryside remains a vibrant component of Tibet’s economy, and if the countryside remains predominantly Tibetan, then rural entrepreneurs will operate on a more level playing field that enhances their chances for success. The case studies that follow document ways that some rural Tibetans are negotiating today’s matrix of opportunities.

FARM-BASED INITIATIVES IN RURAL TIBET

Raising Animals for the Urban Meat Market

In 2006, as part of the People First initiative, China launched scores of programs across Tibet to encourage farmers to raise animals for urban meat markets (Goldstein, Childs, and Wangdui 2010). Before this program, however, some Tibetans had already started enterprises to raise animals for profit. For example, when Pasang returned to his village in the 1980s after military service, he purchased a horse and cart to collect recyclable materials such as scrap iron and bottles for resale. Although this modest enterprise earned him a decent livelihood, Pasang faced increasing competition from non-Tibetan migrants who nowadays dominate the rural recycling market. He decided to try something different,
I felt that Tibet was developing, that the population was growing quickly, and that there was a shortage of meat in the market. I recognized there would be a market, so I started feeding pigs and sheep [in 1991]. . . . Meat prices were rising quickly, so I took a chance.

More recently, Pasang capitalized on a program to increase the size of local sheep by cross-breeding them with animals from Xinjiang and Inner Mongolia. Because he could speak Chinese, a skill acquired during his military service, Pasang was selected as a local representative. He invested several thousand yuan to purchase imported sheep, and also started raising pigs for slaughter.

Pasang sells 20-30 pigs and 40-50 sheep annually, and keeps 20-30 pigs and 50-60 sheep on hand to increase herd sizes for the subsequent year. He prefers to sell sheep from April to August, prior to the time when nomads drive prices down by inundating the market with their animals. Pasang’s buyers are Hui butchers from Shigatse who pay up to 300¥ for his sheep—considerably more than the usual price of 100¥ for local sheep. After accounting for his original purchase price and the cost of rearing each animal, he estimates a net profit of 150¥ per sheep. In addition, he sells the wool locally and some of the dung as fertilizer to nearby greenhouses. Pasang then replenishes his herd by purchasing animals from nomads when they descend from the highlands.

Pigs require a shorter time to fatten, so Pasang considers raising them to be more lucrative than sheep. He grows some pig fodder (beans) on his own land, purchases some fodder from the market, and obtains some by exchanging entrails for restaurant leftovers in a nearby town. Because Pasang’s sows are renowned for their size and quality, he is able to supplement his income by selling piglets locally at a price of 135-160¥ per head. He feeds boars for one year and sows for two years before selling them for slaughter; his largest pigs sell for 1,400¥.

Although many farmers and herders throughout Tibet raise and sell some of their animals for profit, most do so as a minor extension of their mainstay farming and herding activities. We consider Pasang to be an entrepreneur because his business depends on raising capital through bank loans or by re-investing profits from sales, and because he takes risks in the pursuit of profits. Pasang estimates his net income from the animal rearing enterprise to be roughly 30,000¥ per year. This elevates his household’s net income to 36,002¥, which is considerably higher than Norgyong’s average of 24,112¥.

A Rural Cheese Production Facility

In 2001 an EU-sponsored project introduced a breed of cows to villages near Shigatse that produces more milk than local bovines. Khangchen, a household in Betsag, took advantage of the milk surplus produced by the new cows by starting a small cheese production facility. Initially, the family received a 4,000¥ grant from the government and sold their cheese in the Shigatse market. Khangchen’s cheese became so popular that people started coming to their house to buy it, prompting a need to expand production which the Shigatse city government facilitated through a 13,000¥ grant. According to the head of the Khangchen household, the local township and city governments supported their enterprise in an effort to promote his family as an exemplar for how a rural household can become wealthy. The facility currently employs three people from poor households and sells most of their product at a store the family owns in Shigatse. A few other local facilities produce a similar style of cheese, but Khangchen cheese has achieved such fame that, “Until our cheese is sold out, nobody else can sell their cheese.”

Khangchen’s net profit from cheese production in 2005 was 52,000¥. This brought their net income for that year to 61,138¥, considerably higher than Betsag’s average of 35,759¥. Recently, the family expanded their marketing to Lhasa by participating in government-sponsored trade fairs. In 2007 they were negotiating with a major department store to provide them with another urban sales outlet. The family plans to build a new facility that is double in size and employs 10-15 workers, and is trying to get a registered trade-mark for their product.

Bricks for Construction

The rapid expansion of cities and towns is providing many rural households with a new entrepreneurial opportunity: using their land to make mud bricks for building construction. Production is a simple process. Betsag became a center for brick production because it lies adjacent to a main road and is only ten kilometers from the center of Shigatse. After flooding a section of a field, workers mix mud together with straw, then transfer it into wooden moulds placed in the open air to dry. Finished bricks are stacked beside a road in preparation for transport to a construction site. Much of Betsag’s original brick production used soil excavated from marginal, non-irrigated fields. In recent years, however, villagers began using dirt from prime agricultural land.

Ngodrup, an industrious man in his late forties, was a forerunner for this local industry. He recalls,

In 1996 I owned a car, but had an accident and broke many bones. I owed the bank 30,000¥. Everyone knew I was a driver, and that I couldn’t do manual labor, and the township government knew I was in debt. So they gave me some empty land. A township official said, “If you work hard at making bricks you can repay the debt.” I had no other choice, so my wife and I started making bricks. We sold the bricks, covered our daily expenses, saved, borrowed, and bought a tractor. I then saved money to hire others [to make the bricks] and began to transport the bricks to Shigatse. In two years I cleared the debt. Last year I borrowed 28,000¥ from the
Today, Betsag’s major brick producers employ workers from other villages. A team of two can produce 700-800 bricks in a single day, and are paid 0.15¥ per brick. Hiring external labor frees Betsag’s entrepreneurs to transport the bricks to construction sites where they fetch a higher price.

By 2007 seven households in Betsag received the bulk of their annual income through brick production. Brick-making has emerged as an entrepreneurial activity for those who assume economic risk by hiring labor and purchasing tractors to transport the finished product to markets. Betsag’s brick production industry is similar to practices elsewhere in the world. For example, a study in Mexico found many peasants are boosting household incomes by excavating aggregates from agricultural land for use as construction materials (Fry 2008). However, Fry notes that very little research has been done on potential environmental impacts of artisanal quarrying. In the context of rural Tibet, the practice raises a question: is the quest for short-term profits compromising the long-term productivity of agricultural land?

CONSTRUCTION INDUSTRY
From Wage Laborer to Contractor

The enormous resources pouring into Tibet through the Develop the West Campaign have given rise to new off-farm labor opportunities. Many Tibetan’s first exposure to the construction industry is at the lowest level, as manual laborers. However, people can make more money as carpenters, masons, and painters. In 2006 the daily wage for a manual laborer at a construction site was 20-25¥ per day. In contrast, daily wages for skilled laborers ranged from 35-60¥ per day. Given the wage differential, it is not surprising that many parents are now seeking apprenticeships for their teenage sons. Although up-scaling job skills to improve one’s earning capacity is not an entrepreneurial activity, it can become a route toward independent contracting which is an entrepreneurial activity.

The apprenticeship period for carpenters, masons, and painters lasts from one to three years. Typically, parents arrange for a son to be tutored by a relative. According to one apprentice, “It is like a marriage proposal [slong chang]. You bring tea and barley beer to the teacher and clothing for every person in his household. You formally request to be his student.” During the apprenticeship the student receives no salary. In exchange for learning skills, he does menial tasks like sharpening tools, and prepares food and tea for his teacher. Once the teacher determines his pupil has acquired the requisite skills, the student gives parting gifts and serves his teacher beer in a formal ceremony. Afterwards, he is free to either remain with the teacher as a salaried employee, or find work on his own.

A skilled worker can increase his income by taking on apprentices. For example, Tsering makes a good living as a house painter which involves painting elaborate designs on beams, pillars, window frames, and molding. Since 2003 Tsering has found work in Kongpo where he travels with a crew that includes four apprentices. Completing a house interior in 20 days nets Tsering a profit of 2,500¥, which is considerably more than the 1,200¥ maximum he would earn at a daily wage of 60¥. The key for Tsering is securing sub-contracts on house construction projects, and minimizing his labor cost by bringing apprentices whom he trains in lieu of payment. Because his reputation as an independent contractor is now secure in Kongpo, Tsering envisions boosting his future workload and profits by taking on more apprentices and paying regular salaries to some of his graduates. His activities are entrepreneurial in that he requires capital to purchase painting supplies and to feed and house his crew, and assumes the risk of being unable to find enough work to cover costs.

The amount of work Tsering is able to find as a house painter is directly related to the construction boom fueled by the Comfortable Housing Project. The sheer volume of construction has facilitated the rise of many skilled workers who seek contracts to build entire houses rather than settling for daily wages to complete specific tasks. Typically, these men start as carpenters or masons who are exposed to a range of activities that teach them how to manage constructing an entire building: how to formulate a budget, deal with clients, recruit workers, manage a workforce, purchase materials, and secure transportation for materials and crew to the work site. For example, Tenzin is an enterprising young man from Sogang who completed his apprenticeship as a carpenter in 2004. In 2007 his teacher secured a contract to build 60 houses. Tenzin asked for and received a sub-contract to build two of the houses on his own. At the time of our interview, he was recruiting a labor force that included 30 skilled and unskilled workers from the area around his village. Tenzin expects to make a profit of 15,000¥ from his sub-contract, a substantial increase over the daily wages he could earn as a carpenter.

Gyaltsen, a mason, received his first contract from villagers who recognized his intelligence and high skill level. He explained the process,

First you negotiate a price, and then make a contract. The contract is only between the house owner and the contractor; there are no offices involved. It is a written contract with thumb prints. The house owners are Tibetan, so the contracts are written in Tibetan. Two copies are made and signed by both people. Each keeps a copy. If you have to go to court, the signatures are on the paper.

The size of the contract is based on the square meters of the house. The cost is 90¥
per square meter for a mud brick house, and 120¥ for a stone brick house. If the owner is not so smart, then I make the house design. If the owner is intelligent, then he makes the house design. The owner of the house then gives me money for expenses [materials, labor, cigarettes, and food]—but not all the money. After the house is complete the owner pays the balance except for 3,000¥. I get that after three years. The contract extends for three years. If the house falls apart or is damaged within that period I must rebuild it.

Gyaltsen recently earned a profit of 6,000¥ for building a house. Had he worked as a salaried mason he would have earned less than 2,000¥. He has become a rural entrepreneur by securing operating capital, establishing legally-binding contracts, and taking financial risks in the hope of earning far more than he could by merely selling his labor.

**Tractors, Trucks, and Upward Mobility**

Villagers in our research area envision vehicle ownership as a potential route to upward mobility. In a survey we asked heads of households, “What is the best way to get rich?” More than a third of Betsag’s respondents answered, “buy a truck”. This is a relatively recent phenomenon because private vehicle ownership was prohibited during the collective period from the 1960s to 1982. In 1984 the government began encouraging people to buy tractors so that they could earn money. Migmar was reluctant to participate in such a program, but was pressured to do so by township officials:

I was a village leader, so I had almost no choice . . . The government paid all of our transportation, food, and lodging expenses to Golmud [Qinghai Province where they collected the tractors]. Then we drove the tractors home.

Migmar did not regret the decision. Within a few years he and his partner were making 80¥ per day—a very high income at that time—transporting sand from a riverbed to construction sites in Shigatse. Many villagers bought tractors once they saw how much he was earning. For example, Sangpo sold a yak and borrowed money from a relative to buy a tractor in the 1990s for 7,500¥. After learning to drive it at a construction site in Gyantse, he decided to try his luck in Lhasa using it to transport pilgrims. This proved profitable and in a few months he had made enough money to repay most of his loans. But then, according to Sangpo, the government began to crack down:

Minibus drivers were critical of us small tractor drivers. They went to the Transportation Management Office and said, “We pay taxes but the small tractor drivers don’t. If you don’t prevent them from moving people about then we’ll stop paying taxes.” Since then, the authorities took the situation seriously. Before, they didn’t prevent us from moving people. We had a good business, but then weren’t permitted to do it anymore . . . Then there was a tea house being built that needed materials. Through other drivers I came to know the boss so I started to move earth . . . If you work hard you can move five or six loads in a day, and can earn about 25¥ per load.

Nowadays there is more competition. There are more people like me earning money in the city. In past years, the boss asked me to move sand. Now I have to ask the boss if he has sand to move.

Despite the increase in competition, people are still finding tractor driving more lucrative than manual labor. For example, Rinchen recently found a job at a construction site in Lhasa. He recalls,

While working [as a manual laborer] I saw that others were using small tractors to make money. I rushed home, borrowed some money, returned to Lhasa and bought a small tractor [for 12,000¥]. I worked one month and 20 days and earned 7,000¥ by moving loads.

Had he worked as a laborer at 25¥ per day, Rinchen would have earned only 1,250¥. However, he still needs to repay the tractor loan so his increased income comes with financial risk.

Around 1995 dump trucks began to supplant tractors in the construction industry. Dump trucks have the advantages of speed, larger payloads, and less labor because nobody needs to unload them. Soon, tractor drivers found it difficult to compete with truck drivers for jobs. Recognizing this, Migmar (the above-mentioned tractor owner) bought a truck in 1997 for 75,000¥. By doing so, and training his son to drive it, the family increased its income considerably. Driving the truck at construction sites brought the household 70,000¥ in 2005, boosting their total income for that year to 87,400¥, or more than double Betsag’s average.

<table>
<thead>
<tr>
<th>Village</th>
<th>Year</th>
<th>own a vehicle</th>
<th>own a small tractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sogang</td>
<td>1997</td>
<td>0.0</td>
<td>10.0</td>
</tr>
<tr>
<td></td>
<td>2006</td>
<td>3.3</td>
<td>55.4</td>
</tr>
<tr>
<td>Norgyong</td>
<td>1997</td>
<td>9.1</td>
<td>22.9</td>
</tr>
<tr>
<td></td>
<td>2006</td>
<td>23.6</td>
<td>67.4</td>
</tr>
<tr>
<td>Betsag</td>
<td>2006</td>
<td>27.6</td>
<td>86.7</td>
</tr>
</tbody>
</table>

Table 3: Percentage of households owning vehicles and small tractors. Source: Goldstein, Childs, and Wangdui 2008.
Table 3 documents the rising percentages of households that own vehicles (mainly trucks) and small tractors. Tractors provide dual functions as construction transportation vehicles and agricultural machinery, whereas trucks are used specifically to earn income at construction sites. The most recent trend has truck owners selling older, smaller trucks to buy larger vehicles in response to equipment changes and increasing competition. For example, Namgyal sold an older truck for 65,000¥. He used this cash and a bank loan to buy a larger truck for 230,000¥. He reasoned,

It’s easier to get jobs with a big truck. Backhoe drivers prefer to load bigger trucks. Also, sometimes the road is bad or steep at construction sites. Small trucks can’t climb up, but big trucks have more power. Furthermore, if you don’t get a job at a project site, then you can transport loads of cement or other goods. Big trucks can carry more.

To repay the loan, Namgyal went to Ngari (Western Tibet) to work on a government road building project. He traveled with an assistant who received 1,000¥ in monthly salary, plus learned how to drive. Namgyal transported beer and other goods to sell near the construction site to offset costs incurred by the long drive.

At the remote construction site drivers were housed in tents provided by the Han contractor. Each tent’s residents pooled tsampa, flour, and cooking fuel, and contributed cash to a common pot to buy vegetables, rice, and meat. They transported loads of earth and stone from 8:00 a.m. to 8:00 p.m. with a one-hour lunch break. Every time a driver delivered a load he was issued a ticket which he later redeemed for cash. Through Namgyal’s work, his household’s income of 176,309¥ was roughly five times Betsag’s average.

Some households are now making large-scale investments in trucks and construction equipment in an effort to secure government contracts. For example, Namgyal formed a construction company that specializes in building roads. He owns cement mixers, trucks, and earth moving vehicles, and has three full-time employees. The government recently awarded Dawa a contract to build a stretch of road. When we asked Dawa how he got started in the business, he responded,

In the past I was doing jobs such as masonry. Then I bought a small truck that I drove for income. Afterwards I bought another small truck, then a bigger truck. Gradually I realized that I could organize construction jobs, so in 2004 I got a government license for a company. I couldn’t get the license directly, but had to find somebody I had a relationship with to process it. I proceeded slowly, found a relationship, and then eventually got the license. I had to pay some bribes, 4,000-5,000¥. After paying that I didn’t have to pay for the license.

Dawa’s contracts are awarded by various government agencies. When a project is announced the agency solicits bids, then decides who will get the contract. In 2005 Dawa and his two sons had a net income of 280,000¥ from the contracting business, which is more than ten times Norgyong’s average household income of 24,112¥.

The purchasing of tractors and trucks qualifies as an entrepreneurial activity because rural Tibetans are taking financial risks and acting as independent suppliers of services in a quest to make profits. Despite numerous success stories, every village has examples of people who have not succeeded to the level of their expectations. For example, Norbu is an elderly man who laments the rusting truck that sits idle in the family’s yard. He bought the truck in 2000 expecting his son to earn income at construction sites. According to Norbu’s son,

The first time I drove the truck was to Gyantse in 2000. I didn’t know how to drive. It was a new truck, so we hired a teacher. The profit for three months work was 2,400¥. When I returned my father said sarcastically, “Such big money! That can’t even cover the salary of the teacher.” These days our truck cannot make money. Gas prices are high, and the government taxes trucks a lot. I want to sell the truck, borrow some money and buy a bigger one. But my father doesn’t agree.

Norbu, who openly refers to his son as “the incompetent head of my household”, is reluctant to risk more capital on a truck. After all, the family already squandered 78,000¥ on a vehicle that his son failed to convert into a reliable source of income.

**Competition and Shifting Trends**

Because successes outnumber failures, villagers continue to invest in vehicles as a proven method to increase their household incomes. Nevertheless, several vehicle owners expressed wariness about competition in the construction industry, and see transportation as a more viable long-term option. One truck owner summarized this position by saying, “I think that moving people will be better in the future. Jobs moving earth and stone are difficult to find.” He plans to buy a minibus in a year or two. Another man who earns income by driving his tractor to distant construction sites thinks he cannot raise the 250,000¥ in capital to buy a large dump truck. Instead, he plans to save 24,000¥ and then take a bank loan of 16,000¥ to buy a minibus.

Lhawang, who lives in Sogang with his wife and three children could not support his family on their limited land so he bought a small tractor and drove it to Shigatse in search of work. With his earnings and a loan from a relative, he bought
a minibus in 2003. Lhawang set his route from the highest village in the valley to Panam, the district headquarters. He charged 11¥ per passenger including luggage. On a bad day he would barely cover petrol costs, but on a good day he could net 300¥. However, Lhawang had to pay several taxes amounting to more than 20,000¥ per year. Furthermore, he could only afford dilapidated vehicles which the police sometimes confiscated for safety reasons. They even forced him to sell one bus for scrap metal because it was in such poor condition. Despite such persistent obstacles, Lhawang’s 2005 income of 37,000¥ was considerably higher than Sogang’s average household income of 10,332¥.

By 2009 Lhawang had sold the last of his minibuses for 27,000¥ to a man living further up the valley, and bought a used pick-up truck for 46,000¥. According to him, minibuses weren’t as convenient to operate because they were subject to too many regulations. He explained,

The minibus was a problem. The police check it often, and there are many regulations. You can only work one line and can’t go elsewhere. That limited my earnings, so I sold the bus. Now I have a pick-up truck and am more flexible. I can go where I want [to pick up riders] and when the police check I say, “These are my relatives.” My income is fairly similar to when I had the minibus, but work is much easier now. I charge 5¥ per passenger from here to Panam and can get 8-10 passengers per trip. There are not many seats, so I just squeeze them in.

Now that Lhawang has a mobile phone clients can contact him from afar to book trips. His schedule and routes are flexible, and on average he makes 200¥ per day which more than covers his costs that include gas, repairs, taxes, insurance, and an annual inspection fee. Once he has earned enough money, Lhawang plans to buy a better vehicle and continue with this business.

**RETAIL BUSINESS AND COTTAGE INDUSTRIES**

Pemba of Norgyong is a rural entrepreneur who has succeeded in the retail business. In 1984, when he was 19 years old, he saw a television program featuring people in Lhasa who were opening retail stores. This inspired Pemba to set off on his own venture. He recalls,

I borrowed 200¥ from the bank. That was a large sum of money back then. I was worried about losing it on the trip to Lhasa so I stuffed it into my underwear. I have an elder sister in Lhasa. She said, “You can’t do business with 200¥.” She gave me another 800¥.

I went to the market to buy clothing. I found some new army jackets for wholesale. Each cost 5¥. I thought they were good and the price seemed cheap, so I spent 100¥ on those. Selling them back home I could get 10¥ or sometimes even 15¥.

I bought a bicycle and a cart and rode from one village to another to sell the clothing. Later I bought a donkey, made a cart and went selling from one village to the next. I would exchange clothing for cash or barley, and then resell the barley. I opened my first shop 16 years ago [1990]. At first I was amazed to be making a profit of 2,000¥ in a year. At that time a laborer would make 1-2¥ per day.

There are more stores nowadays. Selling used to be easy. You just set a price and went to the villages. In the past everybody worried that they would not have a chance to buy, whereas now you need to encourage people to buy. Profits are decreasing because locals have opened more shops, and Chinese are coming here to sell goods so it is very difficult.

Pemba’s business nets 37,000¥ in income for the family in a village where the average household income is 24,112¥. However, after 22 years in the retail clothing business, Pemba is shifting his capital into other ventures such as a commercial apple orchard and an outdoor leisure park where tourists and local officials can have picnics, drink beer, and play games. In the meantime, Pemba is training his daughter to take over management of his retail business.

Weaving has always been a highly valued skill among women in rural Tibet. Nowadays, some women are using this skill to generate income for their households. For example, Pentok from Sogang reported that, because her family has few fields, she has free time to weave coarse woolen cloth (snam bu) and fine woolen cloth (shad ma) for clothing. Pentok is recognized locally for her exceptional skill, so she takes orders from other households in the village. Depending on her family’s needs, she barter some products for food and sells others for cash. She recently scaled production upward because her brother who works in distant Nagchu found a market for her goods, prompting Pentok to hire a local woman on a part-time basis to help fulfill orders. Pentok’s home-based weaving industry nets a profit of 7,000¥ per year, which helps boost her household’s annual income to more than double Sogang’s average.

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Whereas Pentok is a small-scale, village-based entrepreneur, two women in Norgyong are creating much larger operations. Nyima produces woolen carpets, aprons, and bolts of fine woolen cloth. She turned to business after bad relations in her polyandrous marriage forced her to establish an independent household. As an impoverished divorcee raising a disabled daughter, she got a bank loan to open a restaurant in Penam. Nyima ran that for three years, and in the meantime began making money by weaving. According to Nyima,
Because we [initially] had no bedding in my house, I bought some wool to make some. There was leftover wool, so I thought, “I can make carpets and earn some money.” I made some carpets and sold them to acquaintances. They didn’t refuse to buy them; I was poor so they had sympathy. I slowly realized that I could make money this way, so I sold more carpets to acquaintances. They liked to buy them. Now I have two carpet looms and six looms for producing fine woolen cloth.

Nyima hires workers and provides a loom and raw materials so they can weave in their own homes on a contract basis. Mainly through word of mouth, demand for Nyima’s products has risen. She sells some carpets and bolts of cloth locally, but has also found a market in Lhasa. She explained, “I’m a person who knows how to weave and who therefore maintains high quality control. Because my products are high quality, more and more people are asking me to make cloth for them. Last year, before Losar (the Tibetan New Year), I had so many orders that I couldn’t fill them on time. If I had more money to invest, I could earn more.

In 2006 Nyima earned a net profit of 50,000¥, which is double Norgyong’s average household income of 24,112¥. By consistently repaying bank loans her solid credit rating provides access to more capital. Importantly, Nyima envisions herself as a provider of opportunities for other women. She prefers to employ women from poorer households, including divorcees like her who need to make an independent living.

Chogpa is even further along in expanding her handicraft business. Born into a household that traditionally specialized in the production of woolen cloth, she learned to weave at a young age. Around 1995 Chogpa was in her 30s, unmarried, and living in her parents’ home. She asked a local lama to ordain her as a nun, but instead could practice compassion by assisting poor people. Chogpa took this as her life’s mission and invested savings to start a small weaving business with six employees. She explained, “I have two carpet looms and six looms for producing fine woolen cloth.

By 2009 Chogpa had a thriving business. She received support from local government leaders, and from various public and private offices such as the TAR Women’s Federation and Tibet Poverty Alleviation Fund. All of her 45 female weavers are recruited from poor families. When we asked why she employs impoverished women, Chogpa responded, “She was good. She helped the poor a lot.”

With net profits ranging between 500,000¥ and 600,000¥ annually, Chogpa’s income is twenty times higher than the average household income in Norgyong. At the time of our last visit in July, 2009, she had nearly completed construction on a large factory complex.

A NEW ECONOMIC ELITE?

Table 4 compares household incomes of selected entrepreneurs with average household incomes in the villages where they live. Although there is considerable range in the amount of income that entrepreneurs generate, they tend to make more money than those who only farm and work for wages. Even the relatively small-scale entrepreneurial households rank in the top tier of household incomes. Tibetan entrepreneurs, like their counterparts elsewhere in China, are emerging as new economic elites in the countryside.

Although the rapid rise of entrepreneurial opportunities may be contributing to a widening income gap in Tibetan villages, rural entrepreneurs can mitigate the situation by employing people from poorer households. Nyima and Chogpa, the weaving business owners described above, both spoke about employment as a means to assist impoverished women. Although no village-based contractors we interviewed mentioned selecting employees from poor households, those we interviewed hire the vast majority of their workforce locally and tend to employ a mix of friends and relatives. The rise of rural entrepreneurs is therefore affecting local hiring practices, and if the trend continues then more Tibetans are likely to work under Tibetan bosses in the future.

THE ENTREPRENEURIAL TRANSITION IN RURAL TIBET

In this paper we have documented the emergence of rural Tibetan entrepreneurs who are finding opportunities to make money through farm-based initiatives, construction contracting, vehicle ownership, cottage industries, and retail business. The fact that so many people are pursuing entrepreneurial activities in rural Tibet contradicts the “trope of indolence” idiom in development discourse and state
ideology which assumes that Tibetans lag behind the rest of China because they lack the motivation and work ethic to uplift their standard of living (Yeh 2007). Nevertheless, Fischer (2005) and Wang (2009) have both highlighted real and persistent obstacles that inter-ethnic competition poses for Tibetans who wish to work in cities. Their research findings beg the question: Can Tibetan entrepreneurs compete with non-Tibetan entrepreneurs in today’s economy? This question is especially pertinent in Tibet because, unlike eastern China where people of similar cultural and linguistic backgrounds comprise the pool of competitors, Tibetan entrepreneurs operate in an environment where they must contend with non-Tibetans who have more business experience, better education, speak better Chinese, have a better understanding of China’s business culture, and have more connections to political and economic elites. To a certain degree the situation is mitigated by the fact that many rural Tibetans are finding their entrepreneurial niches not in cities, but in other rural areas where they do not face as much competition with non-Tibetans.

In some niche industries, like woolen garment production, being Tibetan may have an advantage because ethnicity is closely associated with the manufactured products (e.g., woolen clothing, aprons, etc). On the other hand, Tibetan ethnicity probably has no competitive advantage in the construction industry. Village leaders informed us that the government typically awards large contracts to Han-owned companies, presumably because they have more capital, machinery, and expertise than locally-owned companies. Local companies, at best, are awarded sub-contracts for portions of a project. According to one Tibetan contractor, even at the sub-contract level he must compete with small, Han-owned companies. Sometimes he wins the contracts, other times he loses. But in his opinion, local cadres give some preference to Tibetan contractors who have good equipment and a solid track record. Despite competition from outsiders, many Tibetans are investing in heavy equipment with the hope of finding a space in Tibet’s booming construction industry. In 2006 we knew of six households in Betsag and three in Norgyong that had established constructing businesses. As Tibetans gain more experience and capital, the number of Tibetan-owned and operated contracting companies is likely to increase, and Tibetans are likely to capture a larger proportion of lower-end construction contracts throughout Tibet.

The future prosperity of rural Tibet is closely linked to government policies because so much of Tibet’s current economic climate is driven by government expenditures (Fischer 2009, see also Fischer this volume). In fact, the upsurge of entrepreneurial activities we documented is linked to the Develop the West Campaign, and some niches (e.g., house construction contractors) are directly related to the Comfortable Housing Program. Furthermore, the government facilitates entrepreneurial opportunities by providing relatively easy access to capital in the form of bank loans and government grants. This does not mean that rural Tibetan entrepreneurs are dependent on the government for success, or that entrepreneurs have only arisen because of the Develop the West Campaign. Prior to 2000 some people in our research area were starting enterprises, and non-farm work was already becoming more important as a household economic diversification strategy. However, what differs today is that more people are able to make or borrow money, and with the increase of economic activity throughout Tibet more people are finding entrepreneurial niches and taking financial risks in the hope of enhancing their household incomes. While some business ventures will no doubt fail—and some already have—it is evident that an entrepreneurial transition is underway. But because the entrepreneurial transition is highly dependent on the government’s development policy, it is

<table>
<thead>
<tr>
<th>Enterprise</th>
<th>Village</th>
<th>2005 HH Income (¥)</th>
<th>% Diff. from Mean*</th>
<th>HH Income's Rank (HHs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ngodrup, Brick Production</td>
<td>Betsag</td>
<td>39,895</td>
<td>11.6</td>
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</tr>
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<td>Pasang, Pig/Sheep Farm</td>
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<td>36,002</td>
<td>49.3</td>
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<td>Pembo, Retail Business</td>
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<td>40,353</td>
<td>67.4</td>
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<td>Nyima, Weaving Factory</td>
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<td>40,400</td>
<td>67.6</td>
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<tr>
<td>Khangchen, Cheese Factory</td>
<td>Betsag</td>
<td>61,138</td>
<td>71.0</td>
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<td>Sogang</td>
<td>19,627</td>
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<td>Pentok, Home Weaver</td>
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<td>22,500</td>
<td>117.8</td>
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<td>280,000</td>
<td>1,061.2</td>
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</table>

Table 4: Rural Entrepreneurs and Household Incomes.
* 2005 mean household incomes were 35,759¥ in Betsag, 24,112¥ in Norgyong, and 10,332¥ in Sogang. Source: Goldstein, Childs, and Wangdui 2008.
unclear whether the momentum we witnessed from 1997 to 2009 is sustainable over the long-term, and if so, how it will transform social, political, and cultural life in the countryside.

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