

Economic Patterns of the Tibet Autonomous Region: The Past and Present¹

Studies on Tibet have concentrated on the issues of history, religion, traditional culture, ethnic relations, Han in-migration, human rights, etc. (Pye, 1975; Dreyer, 1976; Grunfeld, 1987; Goldstein, 1989). The pattern of Tibet's economy has received less attention than other issues. Ethnic conflicts often arise from economic interests (Glazer and Moynihan, 1975:8), and religious groups might have their own economic interests and participate differently in economic affairs (Weber, 1963:223). Migration between regions where different ethnic groups are concentrated is also affected by the economic relationship between the regions (De Jong and Fawcett, 1981). To understand the impact of social and economic structures on ethnic relations, we examine the Tibet's economy, past and present, and place ethnic migration issues and the Han-Tibetan relationship in this economic context. We focus on three sets of questions:

1. What are the major characteristics of the modern Tibetan economy? What were the economic relations between Tibet and the Han regions in the past? How did these economic relations affect migration and ethnic relationships in Tibet?
2. What changes have occurred in Tibet's economy during the past three decades? What are the major characteristics of the present economy in the Tibet Autonomous Region (TAR)? What is the impact of these changes on migration and Han-Tibetan relations?
3. What role have the central government and the Han played in Tibet's economy since 1959?

The Tibetans who live outside the TAR² have been under the administration of the respective provinces for a long time. They have been largely integrated into the local economies in these provinces for the most part, and we therefore focus only on the TAR.

The data and information were derived from several sources: (1) official statistics and census results released by the Chinese government; (2) books and other materials on Tibet published in Chinese before and after 1949; (3) articles published in *Xizhang Yanjiu (Tibet Studies)*, a journal edited by the Tibet Academy of Social Sciences in Lhasa; and (4) books on Tibet published in English. Materials in Tibetan language were not covered³. The quality of census and government statistical data is questionable, but they are the only systematical economic data available. This study may be seen as a first step in an examination of the Tibetan economy, suggesting some propositions for further research.

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² According to the 1990 Census, the total population of ethnic Tibetans in China was 4.59 million. Of that number, 2.49 million lived outside TAR (CPIRC, 1991).

³ This study was carried out at Harvard University, the materials and data were obtained from several libraries at Harvard, but the Tibetan materials there were limited. Further research should include local economic records and other materials available in the Tibetan language in the TAR and at western university libraries.

I. The Theoretical Framework

Based on the literature of migration and regional economic development (Goldlust and Richmond, 1974; Shaw, 1975; Todaro, 1985; and Hansen et al, 1990), an outline of a theoretical framework was designed to examine the factors affecting ethnic relationship in Tibet (Figure 1).

In this model, the differences in social and economic systems (e.g. land ownership and management) and cultural aspects (e.g. religion and language) between two regions (Tibet and other areas in China) are assumed to affect the content and extent of administrative and social communications, economic exchanges (aid and trade), and migration (official exchanges, circular or settled merchants, labor migration) between these regions. Large differences in economic patterns may set limitations on trade and migration (Findley, 1977). People are less likely to migrate into a region where the social system, ownership system, and language are different from what they had been accustomed to in their locale. Social, economic and cultural differentials between two regions also might have an indirect impact on trade and migration through their influence on the attitudes and policies of regional authorities towards these activities. When geographic features (elevation, climate, humidity, natural resources) and life customs (diet, living conditions) are very different in two regions, and transportation conditions are also poor, trade and migration between these two regions will be affected (cf. Ma, 1987 for a similar migration scheme of Inner Mongolia).

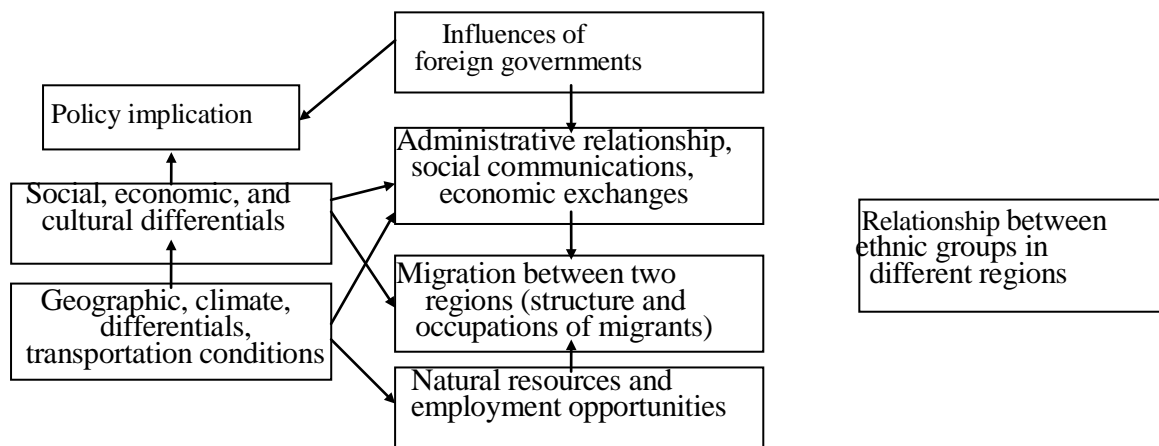


Figure 1. Model for Examining the Factors Affecting Economic Exchanges and Migration between Ethnic Groups in Two Regions

Economic opportunities, related to availability of natural resources in rural areas (cultivated land, grasslands, forest, mineral resources, etc.), and jobs in urban areas directly affect people's motivation to migrate. Policies of foreign governments, viewed as an intervening variable, sometimes may influence attitudes and policies of one region's local authorities towards the other regions with regard to trade and migration. Foreign countries, through their own trade activities with one or another region, may affect economic exchanges between these regions. Foreign governments also might use diplomatic pressure on a government to influence its domestic ethnic policies.

Administrative relationships, social communications, and economic exchanges between two regions also may be linked to inter-regional migration. The general relationship between two ethnic groups in different regions depends on administrative, social, and economic relations, as well as migration between the regions. We shall examine the range of factors in this model and their interrelationship to see how this model fits the Tibetan case.

In his study of the Celts case in British islands, Michael Hechter (1975:6-8) proposed two models of national development to assess the relationship between the majority (core) region and the minority (periphery) region within a country: the diffusion model and the internal colonial model. The first assumes that under condition of equal rights for all groups, the social structure and economic patterns in the core region gradually will diffuse, or spread, into the peripheral region. In contrast, the internal colonial model assumes that the core region dominates the peripheries politically and exploits the population economically. As two models of long-term national development, they will be used to evaluate the socio-economic relationships between the TAR and other regions in China.

II. Economy in Tibet before 1952

The Tibet Autonomous Region covers of 1.23 million square kilometers and is located on a high plateau averaging 3,600 meters above sea level in southwestern China. According to the national census, the total population in the TAR was 2.2 million in 1990 (CPIRC, 1991). It has a strong religious tradition (Tibetan Buddhism), and its special religion-related culture has lasted for centuries. In order to understand the basic economic patterns in the TAR, it is necessary to examine its main economic activities, its economic organization and productivity, its economic relations with other regions, the distribution of income and the use of its resources for economic activities.

1. Production and Trade.

Agricultural and pastoral production.

For centuries, agriculture and animal husbandry have been the major economic activities in Tibet. They provide food, clothing⁴, raw materials for handicraft, and goods for trade. The Tsangpo River valley (around 3,500 meters above sea level with an annual average temperature of 4-10 degrees centigrade) is its main agricultural area. Most cultivated land in Tibet is located in river valleys. Northern and western Tibet are pastoral areas with very low population densities. In the north, some areas at the highest elevation (above 4,600 meters) are largely "uninhabited areas"(Figure 2). Generally, Tibet's geographic and climatic conditions set certain limitations on the development of agricultural production and on population distribution.

⁴ They were made of wool and leather. Cotton cloth has relied on imports.

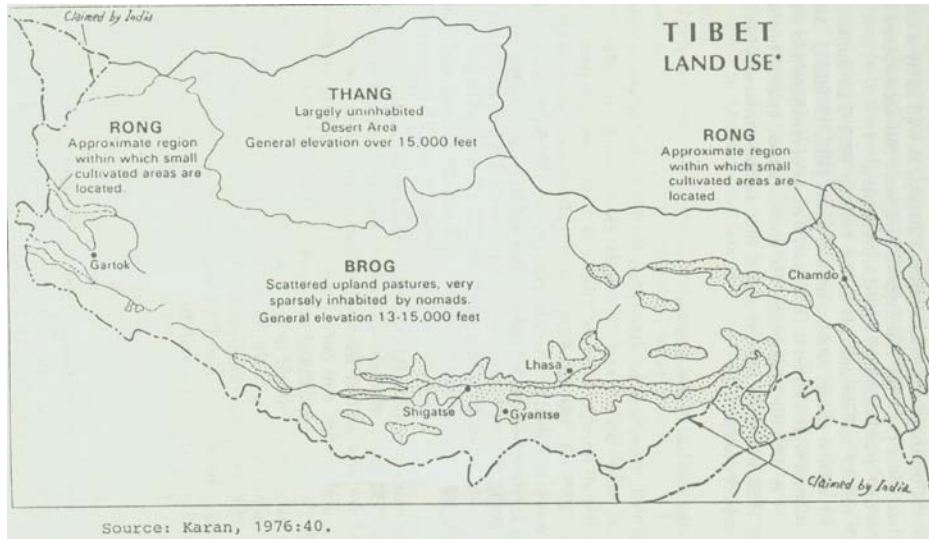


Figure 2. Location of Agricultural Areas in Tibet

In 1952, there were 2.45 million *mu* of cultivated land in the TAR (1 *mu* = 0.165 acre) and grain production totaled 155,335 tons (Statistical Bureau of Tibet (SBT), 1989:211-218)⁵. Major types of grain produced in Tibet are: barley, peas, buckwheat, etc. In the 1940s, it was estimated that barley comprised 70 percent (Wu, 1953: 113). Total population (including Chamdo District which became a part of the TAR in 1961) was 1.15 million in 1953⁶. Therefore, grain production was approximately 135 kg per capita in 1952 (SBT, 1989:133).

Before 1952, grain production in Tibet was generally at a self-sufficient level. Rice and wheat imports were very small and mainly consumed by aristocrats and wealthy Tibetans, as well as by merchants who had come from the Han regions and were not accustomed to the Tibetan diet (parched barley mixed with butter).

Of 9.7 million animals in the TAR in 1952, 2.25 million were yaks, 4.7 million sheep and 2.5 million goats (SBT, 1989:233). Most of these animals were located in the pastoral areas of northern and western Tibet. It is difficult to estimate the production of animal husbandry before 1952, but trade records reveal that animal husbandry provided most export products.

Transportation and Communication.

In 1950, there was no other place in the world "where no wheeled vehicles were used" and "principal rivers were unbridged", "for centuries, all transportation in Tibet was by porters and pack animals" (Karan, 1976:46). The first 600-kilowatt hydroelectric power plant in the TAR was established in Lhasa in 1956 (Karan, 1976:50)⁷. Telephone and postal services have become available to the public only since the late 1950s (SBT,

⁵ The total annual grain production was around 176,000 tons during the 1940s (Wu, 1953: 85).

⁶ In the first National Census (1953), the Tibet Government under the Dalai Lama reported one million Tibetans living in the Tibet Region. The Chamdo District under the control of the central government was reported to have 0.15 million population (Ma, 1988:4).

⁷ There was a small hydroelectric plant in Lhasa before 1950; it was used in the mint to make Tibetan currency.

1989:27).

Handicraft.

By modern standards, industrial production did not exist in Tibet before 1952. While the economy and finance in Tibet relied heavily on agriculture and animal husbandry, handicraft was the main non-agricultural production; only 6 percent of the total population was engaged in non-agricultural activities in 1952 (SBT, 1989:133)⁸. The major handicraft products in Tibet were Pulu (a woolen fabric), Kadian (rugs), tents, wooden bowls, boots, knives, and jewelry (Lhapa Phuntso, 1984: 478). Except for local products such as wool, leather, and wood, handicraft production relied on the import of other raw materials (cotton cloth, silk, metal, etc.) from either nearby Han regions or India and Nepal.

Trade.

Other than some raw materials for handicraft production, daily consumer goods (tea, cotton cloth, china, and industrial products) were available only as imports. For centuries, "tea-horse trade" was the main form of trade between Tibet and other regions in China (especially Sichuan, Yunnan, and Gansu). Sichuan provided Tibet with tea, cotton cloth, silver, sugar and silk. Yunnan was the main area from which Tibetans bought tea and copper. Tibet provided the Han regions with wool, leather and musk. An estimate made by a British consul-general in Chengdu in the early twentieth century suggested that trade between Tibet and the Han regions was four times the trade between Tibet and India (Huang, 1982:50)⁹. "Retingsang" (a company owned by regent Reting Rempoche)¹⁰ and a Han company "Heng-Sheng-Gong" (from Yunnan province) controlled the tea trade between Sichuan and Tibet for decades. There were over two thousand Han trading companies and stores in Lhasa in the late Qing dynasty (Chen Fanzhou, et al, 1988:53).

Trade between Tibet, India and Nepal was also important. The Yatung customs records¹¹ indicate that annual export of wool to India reached 544 tons during 1895-1898 (Huang, 1982:49). Over 150 stores in Lhasa were owned by Nepalese in the 1940s (Wu, 1953:112). In tandem with the increasing influence of British India on Tibet around the beginning of this century, Yatung customs records also show a significant growth of trade between India and Tibet. The value of exports from Tibet to India increased from 131,548 rupees in 1889 to 805,338 rupees in 1902, while imports increased from 561,395 rupees in 1896 to 962,637 rupees in 1899¹². The value of imports was generally higher than that of exports (e.g. 962,637 rupees import compared to 822,760 rupees exports in 1899, Huang, 1982:48).

⁸ But it is not clear how monks were classified into its categories.

⁹ The value of goods transported from the Han regions to Tibet was 96,771 lb.t. (pound troy, 1 lb.t = 11.94 *liang* = 0.3732 kg.) of silver each year at the beginning of twentieth century, and the value of goods from Tibet to the Han regions was 85,887 pounds.t. of silver (Huang, 1982:51).

¹⁰ "Nearly half of Tibet's trade with India was carried on Siliguri-Kalimpong road (through Yatung)"(Karan, 1976:43).

¹¹ It was one of three largest trading companies in Tibet (Goldstein, 1989:331).

¹² The value of Rupee increased in 1900: 1 (British India) Rupee equalled 0.196 US gold dollar in 1897, (One Rupee equalled 0.207 U.S. gold dollar in both 1898 and 1899) and it equaled 0.324 US gold dollar in 1900 and in 1903 (*The World Almanac and Encyclopedia 1898* and volumes of the following years, see "money foreign"). The increasing value of Rupee shows a more significant growth of Tibet-India trade during the period.

Pastoral products comprised the major parts of the total value (822,760 rupees) of exports to India in 1899: they included wool (581,944 rupees), yak tails (42,628 rupees), horses and mules (31,823 rupees), and sheep leather (14,183 rupees). The above items comprised 81.5% of the total value of export goods. Musk, 14 percent of the total, is another major export good (116,024 rupees in 1899) (Huang, 1982:49). After the 1911 Revolution, with the encouragement of some foreign governments, the Dalai Lama government sought independence. The relationship between Tibet and China's central government deteriorated. Trade between Tibet and other regions in China decreased rapidly. One report estimated that in the 1930s wool exports from Tibet to India were about 1,500 tons, but wool exports to the Han provinces totally only 500 tons (Chen Fanzhou, 1988:55).

2. Economic and Social Systems in Tibet before 1952

It is clear that a very primitive agricultural production in Tibet (e.g. using wooden plough, threshing by yak tramping) supported a population of over one million. Over 10 percent were monks (114,103 monks in 1958, Liu Ruei, 1989:298)¹³. The army consisted of about 60,000 soldiers (Chen, 1937:134)¹⁴; and the government had several hundred officials¹⁵. The monasteries and government took most of the peasants' and herdsmen's products to support monks, nobles, officials and soldiers, and to maintain religious activities and the governmental administration.

The serf system dominated in Tibet for centuries (Goldstein, 1989:3-6). Three groups (government officials, nobles and monasteries) owned almost all cultivated land, most animals, and the serfs. Table 1 shows the structure of land ownership in Tibet in 1959. Self-employed peasants, who owned 0.3 percent of cultivated land, lived in areas bordering the Han regions; and most peasants were serfs without land.

Table 1. Ownership of Cultivated Land in Tibet (1959)

Land owner	Cultivated land (acre)	Percentage
Government	160,976	38.9
Monasteries	152,286	36.8
Nobles	99,317	24.0
Self-employed	1,241	0.3
Total	413,820	100.0

¹³ In history, the number of monks was 316,231 in 1737, about 35 percent of the total population (Liu Ruei, 1989:35). Another study reported that this number of monks only included only those under the Gelugpa sect, and the total number of monks was about one half of the total population (Wang Sen, 1984:193). The Dalai Lama claimed to have 250,000 monks in Tibet in the 1950s (*Le Figaro*, Oct.5, 1982).

¹⁴ A much smaller number (6,500 soldiers) was reported to the central government in 1940 (Wu, 1953:75). Other reports based on Tibetan sources indicate that Tibetan army recruited 15,000 new troops in 1920 (Goldstein, 1989:84). The military budget was about 50 percent of the total government income during 1947-1950 (Lhapa Phuntso, 1987:344).

¹⁵ In the 1930s and 1940s, there were 200 lay officials and 230 monk officials in the government (Grunfeld, 1987:9). It should be noted that the numbers of monks, solders, and officials mentioned above are from different sources, so these numbers can be used only as references.

Source: Lhapa Phuntso, 1984:253.

Lhoka prefecture is one of the major agricultural areas in Tibet (Figure 2). The population structure by "class" before "land reform" in 1961 is shown in Table 2. A group of "rich serfs" ("tsampa") who worked on "Cha-gang" land provided a certain amount of labor service, products and money to estate-owners each year. They might own their tools and some animals, but they were not allowed to leave the land. Most serfs in this group worked on lands directly owned by the government. Serfs who worked for nobles and monasteries were usually poorer. Poor serfs and slaves comprised about 60 percent of the total population in this prefecture. Another source provides a similar social structure: nobility (5 percent), clergy (15 percent), herdsmen (20 percent), and serfs (60 percent) (Grunfeld, 1987:13).

Table 2. "Class" Structure of the Population in Lhoka Prefecture, Tibet (1961)

"Class"	Household	%	Population	%
Serf-owner	152	0.4	606	0.4
Manager of serf-owner	1460	4.0	8611	5.5
Rich serf	1195	3.3	8574	5.5
Middel serf	5413	14.8	34567	22.1
Poor serf	18413	50.4	74271	47.4
Slave*	7245	19.8	18251	11.7
Herdsmen**	2327	6.4	10064	6.4
Handicraftsman	130	0.4	555	0.4
Mechant	113	0.3	438	0.3
Vagrant	104	0.3	510	0.3
Total	36557	100.0	156447	100.0

* Many slaves were single;

** Herdsmen were not classified.

Source: Labapingcuo, 1984:251.

Serf-owners and managers working for serf owners comprised 6 percent of the population, while self-employed handicraftsmen and merchants comprised 1 percent. Thus, only 7 percent of the total population was free. There were 195 noble families throughout Tibet in 1959, and some were rich and powerful (Lhapa Phuntso, 1984:242-245). "On large estates owned by monasteries and noblemen, agriculture had slumped through centuries of neglect and the failure to make permanent improvements of the cropland by the theocratic feudal owners" (Karan, 1976:81).

3. The Role of Monasteries in Administration and Economy

The regime in Tibet before 1952 was a combination of religious institutions and civil administration. "One of the most unusual aspects of the Tibetan polity was the dual systems where every lay official had a clerical counterpart" (Grunfeld, 1987:9). Religious organizations controlled the whole society. Not only had the Dalai Lama become the ultimate ruler of Tibet, but the positions of both Lonchen ("primer minister") and the chief officials at the prefecture level were also restricted to monk officials. During the spring religious ceremony, the administration in Lhasa was directly under the control of the Drepung monastery. Large monasteries had their own military forces and had often been

involved in power struggles (Lhapa Phuntso, 1984:309). Tibetan civilization, including its philosophy, art, medicine, astronomy, and literature, has been based on Tibetan Buddhism. Education had mainly been carried out within monasteries¹⁶. Visitors to Lhasa obtained the strongest impression from its religious atmosphere (Chapman, 1940). In 1952, of an urban population of 37,000 in Lhasa, 16,000 were monks (*People's Daily*, April 17, 1991).

In 1959, three famous "seat" monasteries (Drepung, Sera and Ganden) owned 18,435 acres of cultivated land, 110,000 animals, and 40,000 serfs (Lhapa Phuntso, 1984:243-244)¹⁷. Usually, the serfs of monasteries were required to give over 70% of their harvest to the monasteries (Huang, 1983:12). Monasteries controlled estates, serfs, and handicraft workshops, and also engaged in trade and loan business. All large monasteries had their own organizations (Lab-rang) which engaged in trade affairs (Bell, 1928:125).

According to an incomplete record, the Dalai Lama's loan office loaned 254,488 lb.t. silver in 1950 and collected interests of 27,961 lb.t. silver. The total amount of grain loaned by Drepung monastery was over 80,000 tons in 1952 (Ya, 1988). A general interest rate for loans from monasteries was about 25 percent and for loans from nobles about 20 to 25 percent¹⁸. The interest earned comprised 25 to 30 percent of the total income of the three "seat" monasteries and about 11.5 percent of the total income of the local government (Lhapa Phuntso, 1984:284-285).

Although monasteries were very rich, they provided only limited supplies to ordinary monks (Goldstein, 1989:34-35). Monasteries and monks received a large amount of money and items from pilgrims, and many monks actually lived on these items. Most of these pilgrims were serfs and herdsmen. In the 1950s, the Drepung monastery's annual income from pilgrims included 25,963 lb.t. of silver¹⁹, 13.75 tons of barley and 106.25 tons of butter (Huang, 1983:12). After making their contribution to serf-owners, government and monasteries, the serfs and herdsmen still had to live at subsistence level.

Several records exist about income of the Tibetan government and its use. A document sent to the Qing emperor in 1795 reported that "the Tibetan government at Potala Palace has, besides the income in terms of items (barley, animals, butter, etc.), an annual cash income around 127,000 Liang silver (10,637 pounds.t.). But their expenses of 143,600 Liang exceeded this income: 79,000 Liang was for the main religious ceremony in January and February, 39,200 Liang for monthly religious rituals, and 24,400 Liang to buy grain, medicine and other items for monks. The shortage was subsidized by the Qing government" (Wu, 1953:85). The income and expenses of the Tashilhunpo monastery under the Panchen Lama had a similar ratio: 66,900 Liang silver income compared to

¹⁶ Until 1050, "there were no schools for the populace. The only schooling available to a young man was in the monasteries" (Karan, 1976:13). There were also several private schools in Lhasa, mainly for nobles' children (Goldstein, 1989:7). For detailed information on education in Tibet in the 1940s, see. Wu, 1953:90-94 and Liu Ruei, 1989:301.

¹⁷ Drepung monastery alone had 185 estates, 20,000 serfs, 300 pastures, and 16,000 herdsmen (Goldstein, 1989:34).

¹⁸ The annual interest rate of the usury arranged by three famous monasteries was somewhere between 30 to 50 percent. For small amounts, interest sometimes reached 100 or 150 percent (Zhou, 1984:44).

¹⁹ 1 pound (lb.t.) = 11.94 Liang = 0.3732 kg.

74,600 Liang expenses (Zhang, 1983:35).

Sir Charles Bell cited the financial records of the Tibetan government in 1917. The Lhasa civil government received 720,000 pounds (in British currency) in that year while the church (Potala Palace) received 800,000 pounds. The government gave the church an additional 274,000 pounds from its own funds (Bell, 1946:165-166)²⁰. Another study reported that local governments at Zhong (county) level also gave 50 to 60 percent of their annual income to the monasteries each year (Zhou, 1985:43). Therefore, the Potala and the monasteries were the main wealth collectors through direct taxes from estates and contributions from government and pilgrims. Most of the wealth in Tibet was used for religious activities.

4. Major Characteristics of Tibet's Economy before 1952

Generally, the characteristics of Tibet's economy before 1952 can be summarized as follows:

1. Tibet had a primitive agricultural economy using manpower, animal power and primitive tools. Generally, there was no modern industry, transportation or electricity and no application of modern science and technology in production and consumption. Handicraft and trade were at a very primitive level (small workshops, street peddlers, and transportation by porters and yaks) and there was a very low level of urbanization²¹.

2. Both agricultural and pastoral production in valley areas with a relatively high population density were controlled by monasteries, the government, and nobles under a serf system, with some variations (some serfs were allowed to keep a higher proportion of their products than others, while there were some slaves). There was a looser control on herdsmen who lived in remote pastoral areas and some of them even lived within a tribal society²².

3. Tibet had a self-supporting agricultural production; it exported mainly wool and other pastoral products in order to import tea, cotton cloth, metal, and other necessities for daily consumption and handicraft production.

4. Religious groups (or more precisely, senior monks on behalf of monasteries) were very powerful. Monks comprised over 10 percent of the total population of Tibet and over one-half of the urban population in the 1950s²³. Monasteries controlled the government and economy, owned over one-third of cultivated land, many pastures and a large number of serfs and slaves.

Examining the use of societal wealth in Tibet helps place into context the nature of Tibet's economy and production. A small part of Tibet's products was used to keep serfs and herdsmen alive. Most wealth, which was collected through different channels, was

²⁰ In the 1940s, the annual income of the Tibet government included: barley (750 tons), butter (363 tons), tea (183 tons), cash (7 million Liang silver) (Wu, 1953:86).

²¹ Urban population comprised 7 percent of the total in 1958, and most urban population lived in Lhasa (Liu Ruei, 1989:184).

²² The Xiang administration was first established in 1985 in these areas (*People's Daily*, July 9, 1990).

²³ Among the total 50,000 to 60,000 urban population in Lhasa in the 1950s, there were 30,000 to 40,000 monks and 20,000 residents (Liu Ruei, 1989:69).

used for very costly annual rituals. The expenses for the January and February rituals in Lhasa were about 62 percent of the total annual income of the Dalai Lama's government in the eighteenth century (Wu, 1953:85)²⁴. Millions of butter lamps burning day and night in about three thousand monasteries²⁵. Other funds were used to support the monks and their activities. In the 1950s, on average, two households were needed to support one monk (Liu Ruei, 1989:298)²⁶. More than half the income of the Tibetan government also went to monasteries. Finally, a large amount of gold and silver collected by monasteries was melted down and made into Buddha statues or to decorate towers containing the corpses of senior incarnated monks. Following this tradition, the central government recently provided over 600 kg. of gold and over 500 kg. of silver to decorate the tower of the tenth Penchen Lama, and another 64 million *yuan* to build a 33 meter-high temple for this tower (*Chinese Tibet*, spring issue, 1990). A huge amount of money was also used to build and maintain thousands of monasteries. Some of them were very large, e.g., Drepung monastery had 10,000 monks in 1951 (Goldstein, 1989:25).

The Tibetan government and its army also needed support. Because more than half of the government officials were monks, and lay officials obtained their reward mainly from the estate appointed to them, the administrative budget in Tibet was relatively small before 1952. While half of the government's income went to monasteries, the other half was used to support its army. In large part, the economy in Tibet before 1952, therefore, can be called a "monastery economy".

Generally, Tibetan society before 1952 can be compared with the European Middle Ages. In both, "the great religions prospered and overwhelmed the masses. Hierarchies in both the organized Christian Church in Europe and Lamaist monasteries in Tibet played a major role in society and in the government of the two areas. The Middle Ages in Europe were followed by the Renaissance, In Tibet no comparable renaissance occurred. The hierarchies of the Gelugpa sect, the Dalai Lamas, continued to maintain a monastic monarchical state from 1578 until ... 1951" (Karan, 1976:12).

5. Relationship between Tibet and the Han Regions before 1952

Administrative, social and economic relationships between the Han regions and Tibet, therefore, were established under these historical conditions. The geographic features and poor transportation conditions made social, economic and cultural exchanges between Tibet and other areas very difficult. The landlord-tenant system in the Han regions was very different from serfdom, and Han farmers could not obtain or rent land from estate owners in Tibet. In contrast to Tibet, there was a multi-religion system in other regions of China: Taoism, Mahayana Buddhism²⁷, Christian religious groups had limited influence on administration of other areas of China.

The relation between Tibet and the Han regions before 1952 seems to fit the first stage

²⁴ In the 1950s, the January ritual cost about 0.62 million *yuan* each year (Kuang, 1990:146).

²⁵ There were 2,711 monasteries in 1958 (Liu Ruei, 1989:298). A report to the Qing emperor in 1737 mentioned that there were 3,477 monasteries in Tibet at that time (Zhang Yuxin, 1983:34).

²⁶ In the eighteenth century, each household had to support 2.5 monks (Zhang Yuxin, 1983:34).

²⁷ Mahayana Buddhism is different from Tibetan Lamaism (see Karan, 1976:65-67).

of the "diffusion model" quite well. "The core and periphery regions exist in virtual isolation from one another. Events in the core have but slight influence in the periphery, and there are many significant differences in their economic, cultural, and political institutions" (Hechter, 1975:7).

Because social, economic and cultural systems in Tibet were very different from those in the Han regions, and communication and transportation conditions were so poor, the policy goal of the Qing dynasty was limited to maintaining the subordination of Tibet. This was the main function of its two commissioners (*ambans*) and troops²⁸ in Lhasa. "There can be no question regarding the subordination of Tibet to Manchu-ruled China following the chaotic era of the sixth and seventh Dalai Lamas in the first decades of the eighteenth century" (Goldstein, 1989:44). According to the documents and materials released by the Chinese government, Tibet has been a part of China since the 13th century (Lhapa Phuntso, 1984:111).

The main official economic relationship between the emperors in central China and the Dalai Lama's government was described as "tribute and reward" (Huang, 1988). Besides a large amount of tea, the trade taxes collected in western Sichuan had also been rewarded to the Dalai Lama each year during the Qing dynasty (Zhang, 1983:32). A document signed by the Qing emperor (*Qian-Long*) announced that the empire would "exempt Tibetans from imperial taxes" and "all the taxes and fines collected by the local government in Tibet should be used for religious rituals and local administration" (Zhang, 1983:32).

The commissioners in Lhasa were also responsible for arranging trade between Tibet and other regions. This trade had often been regulated by an administrative system. For example, three times during the period of the Qian-Long emperor (A.D.1736-1795), the Tibetan government bought copper from Yunnan through the Chinese commissioners in Lhasa. When the Yunnan governor (Li Sirao) refused to provide copper to Tibet in 1779, the Dalai Lama complained through the commissioners, and Qian-Long formally rebuked this governor (Chen Fanzhou, 1988:54).

The Han regions in China have been major partners of Tibet in the exchange of goods (Bell, 1928:12)²⁹. Even though relations between Tibet and the central government worsened after the 1911 revolution, trade between Tibet and the Han provinces continued. The records show that during 1929 to 1938, the tea sold and transported into Tibet from a single county (Fohai) in Yunnan was about 634 tons each year (Tan Fangzi, 1940).

During 1911 to 1950, the Tibetans who lived outside the present TAR (Qinghai, Gansu, Sichuan, and Yunnan claimed about one-half the total Tibetan population in China) were still under the administration of these respective provinces, even as the Dalai Lama severed the relationship with the central government. These Tibetans' economic activities were integrated into the local economy and their relations with the Dalai Lama were mainly religious.

Trade was the major economic link between Tibet and other regions in China. Special economic systems (estate, serfdom) made it impossible for Han in-migrants to engage in

²⁸ There were 1,000 Han and Mongolian soldiers in Lhasa in 1792 (Chen Jiafu, 1937:12).

²⁹ "Tibetan civilization and culture of the present day are largely due both to China and India; to the latter for the religious side, to the former in the main for the material side" (Bell, 1928:12).

agriculture and animal husbandry in Tibet. The geographic features of the plateau (high elevation, rarefied air, mountains, etc.) limited the volume of trade and migration between Tibet and other regions.

The Han and members of other ethnic groups in Tibet (e.g. Manchu, Hui)³⁰ included officials and troops sent by the central government (about 1,000 before 1911, and a few officials remained in Lhasa after 1911); merchants in cities and towns, and handicraftsmen and gardeners³¹. Although their total number was several thousand and comprised only a very small percentage of the population in Tibet, they maintained administrative, social, economic, and cultural relations between Tibet and other parts of China. After the Kuomintang government's failure in the civil war, the Dalai Lama government expelled most Han officials from Lhasa in 1949.

III. Major Changes in Tibet's Economy Since 1959

The Communist Party won the civil war in 1949. After a battle in Chamdo, the "Agreement on Measures for the Peaceful Liberation of Tibet" (17-Point) was signed by the central government and the Dalai Lama's government in 1951. The Dalai Lama agreed to carry out social reform and to help the People's Liberation Army (PLA) troops enter Tibet, while the central government agreed not to change the social and economic systems (serfdom and estate systems) by force (Karan, 1976:90). The Chinese central government became a key factor in Tibet once again.

During 1952-1959, the basic situation in Tibet did not change very much. However, "land reform" brought some social and economic changes to the Chamdo District, which was under the direct control of the central government. The industrial productive value which was mainly produced by the factories located in Chamdo, reached 1.7 million *yuan* in 1956 and 53.3 million *yuan* in 1959 (SBT, 1989:84). The main social and economic changes in the TAR occurred after 1959.

1. Reform of Social and Economic Systems

In 1959, serfdom was abolished and monasteries lost their administrative power. In the "land reform" of 1959 to 1960, all serfs and slaves were liberated and land and animals were distributed among serfs, herdsmen and slaves. During 1965 to 1975, the commune system was gradually established in most rural areas in the TAR (Lhapa Phuntso, 1984:455-459). In the 1980s, the household responsibility system was introduced, and land and animals were redistributed among peasants and herdsmen. An administrative network (government, social organizations, party organizations, and urban neighborhood committees) as well as other systems (education, health care, welfare, and resident registration) were established in the TAR, based on models in other Han regions. Therefore, the social and economic systems in the TAR were becoming the same as those in

³⁰ There were several hundred Hui in Lhasa before 1952, living in a neighborhood (He-Ba-Lin) near the Jokang. A study reported that about 1,000 Hui went into exile in 1959 (Fang Jianchang, 1988:109-112).

³¹ There were also some Han handicraftsmen and gardeners (planting vegetables) in Tibet (Bell, 1928:31), but no data on their numbers are available.

other regions of China, influenced by all the policy changes of the central government. Tibetans suffered as other ethnic groups did during the "Cultural Revolution", and they are also benefiting from new policies of the recent "system reform" (cf. Goldstein and Beall, 1990). This reform period is similar to the second stage of the "diffusion model": through equal rights and development programs (education, health care, and most important, industrial production), the social and economic structures of the core gradually diffused into the peripheral region.

2. The Role of Monasteries in TAR after 1959

In 1959, many monks went in exile to India with the Dalai Lama³². The number of monks and monasteries in Tibet then decreased significantly: there were 114,103 monks and 2,711 monasteries in 1958, but only 18,104 monks and 370 monasteries in 1960. In 1976, after the "Cultural Revolution", only 800 monks and 8 monasteries were left (Liu Ruei, 1989:298).

The situation began to change after 1980. The government has reemphasized religious freedom and tried to recover damage done during the "Cultural Revolution". Many monasteries were rebuilt and the number of monks increased rapidly, to 6,466 monks and 234 monasteries respectively by 1986. The newest report indicates that there were 34,680 monks in the TAR in 1990, a five-fold increase within four years (*People's Daily*, January 17, 1991). Religion again has wide influence, even among Tibetan cadres and intellectuals (MacInnis, 1989:187). Since 1959, monasteries had lost their traditional power in both the economy and administration; they lost most of their estates, serfs, slaves and high positions in government. However, along with the increased number of monks there has been a request from these monasteries for more power.

Because the income of peasants and herdsmen increased significantly in the past decade³³, they have increased their support of monasteries and monks. A study in 1988 reported that the average annual income obtained from donations was 1,000 to 1,300 *yuan* per monk in Lhasa's monasteries, three times the peasants' and herdsmen's incomes. The TAR government also gives a "salary" to monks and provides subsidies to monasteries as its payment to government employees and monks in other Han regions³⁴.

3. Production

Also, an effective road network has been established, 22,391 km in 1995, compared with 7,343 km in 1959. There were 29,403 cars and trucks and 10,556 tractors in the TAR in 1995 (SBT, 1996: 255). The power of agricultural machinery in TAR is close to the national level of China. It reached 684 million watts in 1995, about 290 watts per capita,

³² It was estimated that total Tibetan refugees who went to India in exile in 1959 were about 50,000 to 55,000, including 5,000 to 6,000 monks (Grunfeld, 1987:187).

³³ The net income per capita was 397 *yuan* in 1990 for the rural population in the TAR, about 2.3 times their income in 1978 (*People's Daily*, Nov.14, 1990).

³⁴ All monks officially registered in monasteries and temples in China have a salary system, with ranks parallel to cadres in administration; their salaries are paid by the government. It is not a joke, therefore, to ask how many "bureau-director rank" monks and "section-director rank" monks there are in a monastery.

(SBT, 1996:168). Chemical fertilizer and other techniques for improving production are commonly used in rural areas in the TAR (8.3 kg chemical fertilizer per capita in 1995). With improved transportation conditions, the introduction of machinery and new technology, the value of agricultural production in the TAR increased four-fold in the past three decades.

The increases in the main items in both agricultural and industrial production are shown in Table 3. Cultivated land increased from 2.45 million *mu* in 1952 to 3.34 million *mu* in 1995; grain production increased from 80 kg./*mu* in 1952 to 253.6 kg./*mu* in 1995, or 135 kg. per capita in 1952 compared to 305 kg. per capita in 1995 (SBT, 1996:173-175). The number of animals increased from 9.74 million in 1952 to 23.79 million in 1995, about 10 animals per capita. Agricultural and industrial production has increased faster than population growth.

Table 3. Major Indexes of the TAR's Economy

	1952	1959	1965	1970	1975	1980	1985	1990	1995
Population (10,000)	115	122	135	151	169	185	199	218	236
Agri-production (mil <i>yuan</i>)	143.1	144.2	264.2	280.3	340.3	532.2	1088.8	1950.2	3589.6
Grain production (1000 ton)	155.3	182.9	290.7	294.9	445.8	505.0	530.7	608.3	719.6
Live-stock (10,000)	974	956	1701	1919	2117	2348	2179	2251	2379
Indu-production (mil. <i>yuan</i>)	-	43.4	23.5	37.3	113.1	148.9	212.5	372.0	908.2
Cr ore (1000 ton)	-	-	-	0.3	0.2	50.3	14.1	93.1	109.9
Coal (1000 ton)	-	45.8	19.7	9.4	61.9	29.8	29.8	9.0	8.9
Lumber (10000 cubic meter)	-	6	8	7	17	21	21	20	16
Knitting wool (ton)	-	-	-	-	353	371	146	72	89
Cement (1000 ton)	-	-	11	4	34	52	47	132	220

Source: Labapingcuo, 1984: 63, 84, 218, and 233; SBT, 1996: 172, 179, 197, 200-204.

Many factories also have been established in Tibet since 1959, but the development of industry in the TAR has a tortuous history. It tried to follow the industrial structure and development plans of other regions, ignoring the actual situation in the TAR (scarcity of fuel, high expenses of transportation, and inexperienced local laborers). Many factories established in the TAR rapidly acquired a financial deficit and became a burden on the government. So, the value of industrial production of state-owned enterprises first increased to 117.3 million *yuan* in 1960, then decreased to 11.9 million *yuan* in 1968. The adjusted value of industrial production increased to 908.2 million *yuan* in 1995. (SBT, 1996:195).

In contrast to the situation before 1952, the conditions for economic development in the TAR (systems and organizations, channels of funds, technology, and supplies) are now similar to those in other regions. By national standard, the TAR is still the least developed area in China.

4. Income and Welfare

Since the social and economic reform in the 1980s, people's income in the TAR increased significantly. For employees of state-owned enterprises (which comprises 82 percent of the total urban laborers in 1988, SBT, 1989:164), the average annual salary income per capita increased from 854 *yuan* in 1978 to 7,572 *yuan* in 1995 (SBT, 1996:71)

(1 US dollar = 8.27 Chinese *yuan* in 1998), and average annual welfare per capita (including health care, pension, and labor protection) increased from 161 *yuan* in 1983 to 583 *yuan* in 1988 (SBT, 1989:499). In 1988, average annual income per capita for state-owned enterprises was 1,810 *yuan*, and welfare was 537 *yuan* in China (SBC, 1990:101-151). Meanwhile, average annual income per capita was 1,211 *yuan* for urban residents in Tibet (SBT, 1989:521) and 1,192 *yuan* in China as a whole (SBC, 1989:726). The income level in urban areas in the TAR is higher than the national level of China³⁵.

The average annual "pure income" per capita was 374 *yuan* in 1988 and 1,200 *yuan* in 1995 for rural residents in the TAR (SBT, 1989:517, 1996:142)³⁶. Average annual pure income per capita was 545 *yuan* in 1988 and 1,578 *yuan* in 1995 for rural residents in China (SBC, 1989:719; 1996: 279). But considering free health care, free education and other welfare programs in Tibet, which cover a very large proportion of the rural population, then rural income differences between the TAR and the Han regions are not significant. The rural-urban income difference is greater in the TAR than the Han regions.

Generally, Tibet seems to have reached, or closely approached the last stage of the "diffusion model".

5. Trade: Economic Exchanges of TAR with Other Regions

Data in Table 4 show the growth of retail sales within the TAR during 1978-1995. Four trends are noteworthy:

1. Sales of consumer goods increased much faster than that of productive materials during 1978-1988 (4.3 times compared to 1.3 times). As a region, the TAR is becoming a consumptive unit rather than a productive unit. After 1990, production increased faster. For the period of 1978-1995, consumer good retails increase 10 times while total value of agricultural-industrial production increased 8.2 times.

2. Sales in urban areas increased faster than that in rural areas (8.9 times compared to 6.8 times). The urban sector expanded rapidly in the TAR but actually produced very little. All economic activities that have taken place in the urban sector (industrial production, construction, trade, etc.) have had huge deficits.

Table 4. Total Retail Sales in TAR (in million yuan)

	1978	1980	1983	1985	1990	1992	1995
By object:							
agri-prod materials	62.9	73.9	48.0	150.3	193.0	161.2	
consumer goods	244.8	286.9	393.9	949.8	1287.0	1522.7	2449.6
1. to residents:	210.0	249.4	338.5	751.1	887.0	1032.3	
2. to units:	34.8	37.0	55.4	198.7	400.0	490.4	
By rural-urban:							(consumer)
rural areas:	142.5	165.1	229.2	501.9	710.4	680.6	979.9

³⁵ Because of long-distance transportation, the prices of many consumer goods in TAR are little higher than those in other regions although the government pays a large subsidies in controlling market prices.

³⁶ According to the definition of SBC: "pure income" of rural residents = total annual income - productive expenses - tax - depreciation of fixed productive assets - contract contribution - survey subsidy (SBC, 1989:759).

urban areas:	165.1	195.6	212.7	598.2	769.6	1003.2	1469.8
Total retail sales	307.6	360.7	441.9	1100.2	1480.0	1683.8	

Source: Statistical Bureau of TAR, 1989: 422; 1993: 349; 1996: 273.

3. The percentage of consumer goods sold to units (work units related to the government, distinguished from individual customers) increased very quickly during 1978-1988 (12.8 times compared to 3 times for individual customers). These work units bought 42 percent of consumer goods, even though employees of these units only comprise 7 percent of the total population.

4. Accompanying the new economic policies which began in 1980 was the development of collective and private business. Among the total value of social retail in 1995, 53% was managed by private retail stores (SBT, 1996:274). Data in Table 5 document that the value of goods imported from other regions increased very rapidly (e.g. from 7.1 million *yuan* in 1955 to 390.9 million *yuan* in 1988). The value of goods exported to other regions also increased, from 0.8 million *yuan* in 1959 (the first year of export) to 58.4 million *yuan* in 1988. The difference in import and export of the TAR to other regions in China reached 332.5 million *yuan* in 1988; export was only 13 percent of the total import-export value.

Table 5. Purchase and Sales of State-owned Trade Institutions (in 10,000 *yuan*)

	Bought from individuals	Imported from other regions	Imported from other countries	Sold within TAR	Exported to other regions	Exported to other countries
1951-1955	278	708	1576	3880	-	-
1956-1960	1545	16767	1916	19737	332	123
1961-1965	5380	35315	1030	46814	5910	388
1966-1970	4620	41035	556	60403	5862	222
1971-1975	13020	66868	648	92829	9963	518
1976-1980	26894	103799	1597	163183	14867	697
1981-1985	36448	190383	6024	254884	13125	3169
1986-1990	148522	258111	19980	320910	17844	19348
1992	85577	50016	24425	150675	14939	10466
1995			28784			24952

Source: Statistical Bureau of TAR, 1989: 425; 1993: 354; 1996: 281.

The structure of goods imported and exported in TAR is shown in Table 6. Transportation records indicate that grain and oil are the two major food and fuel imports. Consumer goods (industrial products, cloth, and sugar) and "distributive goods", which were bought by the government and distributed directly to government units outside trade channels, include construction materials and equipment that are another two major categories. Pastoral products and traditional medicine (caterpillar fungus, musk, etc.) are still the main goods for export along with chromium ore and timber.

Table 6. In- and Out-Transportation of Goods in TAR (ton)

	1960	1965	1970	1975	1980	1985	1990	1995
In-transportation:								
consumer goods	16300	17569	13000	27940	44700	42100	37595	13356
grain	9053	16259	3510	13056	34700	39400	95480	70272
oil	19451	22547	18068	59407	79200	92300	107880	7201

distributed goods	3452	10760	6600	26898	41500	77700	87126	31101
others	14244	9465	940	23398	34398	231900	34824	20172
Total	62500	76600	42118	150699	234400	483400	362905	181906
Out-transportation:								
pastoral product	-	-	1768	5631	4200	3300	1399	7533
Cr ore	-	-	924	-	22500	43800	73908	69871
lumber	-	-	-	1566	900	-	8987	37659
others	-	-	1602	19541	14900	19500	17632	3060
Total	-	-	4294	27638	42500	66600	107746	135510

Source: Statistical Bureau of TAR, 1989: 343-344, 441-442; 1996: 256.

6. International Trade and Tourism in TAR

There has been very limited foreign influence on the economy of the TAR since 1959. International trade only comprised a small proportion of total trade in the TAR with other regions. The total value of international trade in the TAR was 64.73 million U.S. dollar in 1995 (34.68 million U.S. dollar imports, 30.05 million U.S. dollar exports, plus 5.79 million U.S. dollar border trade) (SBT, 1996:281). Although the income from tourism increased from 1.8 million *yuan* in 1984 to 213.8 million *yuan* in 1995, it comprised about 5.6 percent of the total annual income of the TAR government.

7. Income and Expenses of the TAR Government

In sharp contrast to the slow growth of production, there has been a rapid growth in the financial deficits of the TAR government since 1970s. From the data in Table 7 it is clear that industry, trade and grain management (buying grain and other consumer goods from other regions and selling them to the residents in the TAR) in Tibet were major sources of deficit for the government. Until 1988, the deficit of enterprises had been higher than the sum of tax and other local income. The deficit of local enterprises and local income (mainly tax) became balanced in 1988 (Table 7).

Table 7. Income of TAR Government (10,000 yuan)

	1952	1960	1965	1970	1975	1980	1985	1990	1995
Local income of TAR									
1. enterprise:									
(1) industry	-	3222	124	-230	122	-537	-2647	-	-
(2) construction	-	69	-24	-69	-27	74	184	-	-
(3) agriculture	-	43	6	-1084	476	-1432	-47	-	-
(4) post, transport	-	2773	-146	-1844	-2421	-3029	-1816	-	-
(5) grain, trade	-	-	-221	-268	-3098	-1904	-6406	-	-
(6) others	4	35	-83	-390	-174	-1596	-816	-	-
subtotal	4	6143	-343	-3885	-5122	-8254	-11548	-16766	1223
2. tax	137	1316	1208	1187	1953	2030	4544	13694	20922
3. others	118	2360	881	556	184	251	967	1263	-645
4. depreciation	-	342	493	-	-	-	-	-	-
Total	258	10161	2239	-2142	-2985	-5973	-6037	1809	21500
Financial aid from the central government	1047	2725	11805	18345	29179	60104	105772	124389	313440
Total income of TAR	1305	12886	14044	16203	26194	54131	99735	126198	376088
% of aid in total TAR income	80.2	21.1	84.1	113.2	111.4	111.0	106.1	98.6	83.3

Source: Statistical Bureau of TAR, 1989: 470-471; 1996: 111-112.

Meanwhile, expenses of the TAR government have increased rapidly. In 1995, the local income of the TAR government was only 215 million *yuan*, the expenses were 3,487.5 million *yuan*. So, the subsidy of 3134.4 million *yuan* from the central government (83.3% of the income of the TAR in 1995) was essential in maintaining the TAR government and its economy. Of the TAR government's total income during 1952 to 1959, 89 percent was financial aid from the central government. In the 1960s, financial aid as a portion of the TAR government was 84.3 percent; it increased to 106.7 percent in the 1970s and 105.7 percent in the 1980s (it was over 100 percent because sometimes it also covered the deficit of local production) (SBT, 1989: 470).

In order to understand the new characteristics of the TAR's economy, it will be helpful to examine the sources of the deficit of the TAR government. The structure of the annual expenses of the TAR is shown in Table 8. During 1960 to 1995, administration expenses increased 36.9 times; expenses of "cultural units" (including education, health care, scientific research, sports, etc.) increased 101 times;³⁷ and funds for improving agriculture only increased 8.7 times.

One of the major sources of financial deficits in the TAR is administration. The number of government employees increased rapidly from 40,487 in 1959 to 178,433 in 1980 as the highest, then maintain around 150,000 in the 1980s and 1990s. Bank records in the TAR show that, in 1988, cash withdrawal for the "salary of the employees of state-owned institutions" was 1412 million *yuan*, cash withdrawal for "bonus to the employees of state-owned institutions" was 71.9 million *yuan* (Table 9). The sum of these two items, 1,484 million *yuan*, was about 42.6 percent of the total expenses of the TAR government in 1995. Considering the additional expenses for their housing, transportation (including Hans' return to place of origin for vacation), and these employees actually consumed a very large proportion of the government's money.

Table 8. Expenditure of TAR Government (10,000 yuan)

	1952	1960	1965	1970	1975	1980	1985	1990	1992	1993	1995
administration	712	1843	2899	2494	3873	7599	13249	25171	25665	34278	68051
cultural units	206	595	1268	1062	3430	7692	17099	31111	33823	41125	60202
industrial units	22	262	531	524	2805	6130	10903	13512	17409	9544	18239
agriculture	-	1362	1452	1190	1785	1446	6077	5829	7493	18795	11845
urban maintain	3	24	39	100	50	273	1933	2038	1932	1566	2099
industrial subsidy	-	1361	1452	1190	2012	2245	7148	1054	1443	2354	1753
construction	28	7510	3648	4619	8164	15716	34241	14651	25920	36817	80222
prospecting	-	172	114	192	1865	189	698	575	-	-	817
welfare	2	26	192	104	249	1532	1391	3619	3809	5434	7673
price subsidy	-	-	-	-	-	-	2239	5442	5291	7886	14287
circulating fund	-	2984	583	166	1220	221	190	-	165	-	-
militia	-	-	-	-	94	171	115	173	246	167	174
others	-	402	587	163	285	4834	13725	26067	42924	60400	69762
Total	973	15450	11313	10613	24026	46602	102941	129242	166120	216012	348749

Source: Statistical Bureau of TAR, 1989: 473-475; 1996: 115-116.

³⁷ The funds for education alone were 145 million *yuan* in the TAR in 1990 (*People's Daily*, Jan. 30, 1991).

The second major source of deficits is enterprises in industry, construction, transportation, trade, grain buying and selling. Due to a scarcity of many kinds of raw materials for industrial production (metal, cloth, paper, wood, etc.), local fuel, and power supply (oil, coal), and a low level of education and technical training of local laborers, the cost of developing industrial production has been much higher than enterprises can afford.

As in other Chinese cities and towns, the TAR government has supplied urban residents with grain, oil, and other necessities at low prices similar to those in the Han provinces. But the cost of these goods is actually much higher in Tibet because they have been transported for thousands of miles from other regions.

Buying agricultural products (especially grain) at a high price and selling at a low price is the government policy to promote agricultural production while keeping the urban residents (who have enjoyed low priced supplies for decades) satisfied. The problem is even worse in Tibet. Since 1980, no agricultural tax has been collected in TAR, in line with the policy of the central government. Therefore, the TAR government is able to buy only a small amount of grain from local sources, but must import grain from Han provinces, which is more expensive. The TAR government bought 30,162 tons grain within Tibet in 1987 (only 6.5 percent of the total grain production), while it imported 65,725 tons to supply urban residents (SBT, 1989:427 and 440).

One noteworthy phenomenon is the increase in "other" expenses since 1978: from 3.64 million *yuan* in 1977 to 557.8 million *yuan* in 1995 (Table 8). This increase was due largely to "reimbursement" for damages and losses to monasteries and individuals during the "Cultural Revolution". The "other" item does not appear in statistical yearbooks in other autonomous regions (e.g. Inner Mongolia). It consists of 15.9 percent of the total TAR government expenses in 1995, and it reached 20.6 percent in 1988 or 96 times the local income of the TAR government that year.

As the main consumers in Tibet before 1952, monasteries have lost their power in society and administration since 1959. The number of monks also has decreased. However, administration has expanded and the number of "cadres" has increased. They have become the main consumers of wealth in Tibet. There were 161,000 employees working in government institutions or other units under government management in the TAR in 1989. They received salaries, bonuses, and all kinds of subsidies (about 470 million *yuan* in 1989)(SBC, 1990: 121-135). Actually, they were paid by the central government because the TAR government's income was close to zero, if not a deficit.

The picture develops as follows: the central government paid money to maintain the local government (administration); fed 161,000 government employees (63 percent of them were Tibetans, SBC, 1990); maintained systems of free education, health care, welfare, public services, and urban construction and created jobs for urban youth; provided subsidies and materials to improve agricultural and pastoral production; supported local industrial productions, which have continuously maintained deficits; and provided funds to rebuild monasteries and subsidies to monks to implement the policy of "religious freedom" and maintain social stability.

At the same time, the social and economic structures of the Han regions merged into the TAR, and the urban Tibetans and Han actually earn more than the average level of the nation. It is assumed that, at the last stage of the "diffusion model", "cultural differences should cease to be socially meaningful; ... the core and peripheral regions will tend to become culturally homogeneous because the economic, cultural, and political foundations for separate ethnic identification disappear" (Hechter, 1975:8).

Table 9. Structure of Cash Payment or Withdrawn From Banks in TAR (10,000 yuan)

	1960	1965	1970	1975	1980	1985	1990	1995
salary of state employee	1365	3692	1970	6635	15175	27552	43328	141211
bonus to state employee	-	-	-	-	66	2061	3213	7193
state paid to individuals	-	295	318	695	1889	9200	13757	40956
withdrawn by military	1084	3129	3888	3857	3789	7558	22939	71181
salary/bonus of urban collectives	31	65	62	34	866	1656	3038	5850
collectives paid to individuals	-	-	-	-	-	-	2475	14523
expenses of town-Xiang enterprises	-	-	-	-	-	681	735	7814
withdrawn of private enterprises	-	-	-	-	-	207	4375	39186
payment for agricultural products	1258	2059	1697	1527	1226	3178	9364	20007
to rural credit cooperatives	-	146	208	1546	4612	6210	16452	35171
expenses of administration	199	1034	908	2110	3546	4512	9633	57605
payment for industrial products	-	-	-	16	79	197	324	3363
withdrawn of individual deposit	360	1116	1512	1671	3629	13438	35457	214794
remittance	16	64	15	122	296	1086	2266	23661
others (bond, etc.)	402	672	650	1652	2006	7199	15066	253305
Total	4715	12272	13825	19865	37131	84735	182467	945820

Sources: Statistical Bureau of TAR, 1989: 482-483; 1996: 293.

But it seems that the situation in the TAR is more complex than this. Cultural differences, especially religious differences, still exist. Efforts to develop modern industry in the TAR, to a certain extent, have failed. The "diffusion" of the administrative and economic systems of the Han regions into Tibet has had some unintended consequences.

In 1995, financial aid given by the central government was 1,328 *yuan* per capita in the TAR, while the net income of the rural population in China, as a whole, was *yuan* in 1995. Maintenance of administration, economy, society and all other affairs in the TAR has relied entirely on the central government's money. The economy in the TAR should be called a "dependent economy", rather than a "dependent development" (Evans, 1979:32). No accumulation of capital and industrialization occurred in the TAR, though the central government plays a key role in Tibet's economy by its "alliance" with the local government. The post-1959 Han-Tibetan relationship has acquired some new characteristics with the new social and economic relations between the TAR and the Han regions.

IV. The Han in the Tibet Autonomous Region

In 1951, some Han officials and merchants went to Tibet accompanying People's Liberation Army troops after the 17-Point Agreement" was signed³⁸. When construction of Qinghai-Tibet Road was completed in 1954, transportation between Tibet and other parts of China was greatly improved. The preparatory Committee of the TAR was established in 1956, and many Han officials were transferred into Tibet to work for this Committee and its institutions. The Han cadres and workers in Tibet reached 17,631 in that year³⁹.

Because the central government decided to avoid conflict with the Dalai Lama's government, land reform was not carried out in Tibet during 1956 to 1960. Many Han left and their numbers decreased to 2,200 in 1957 (1,500 to 1,600 cadres and 600 workers) (Liu Rui, 1989:141).

After the Dalai Lama fled to India in 1959, the local government and its institutions patterned after those in other Han regions (bureaus, social organizations) were established. New factories, hospitals, schools, stores, and post offices were established throughout Tibet, and the number of Han increased again. In 1980, the number of Han in the TAR reached 122,356 (about 6.6 percent of the total population), the highest number in history.

In the same year (1980), the central government decided to have Tibetans as the "main body" of cadres and workers in the TAR after Hu Yaobang's visit to Tibet. This new policy resulted in Han emigration in the following years. Table 10 presents the changes of Han population in the TAR during 1956-2005.

Table 10. The Registered Han Residents in the TAR

Year	Han population	% of total	Year	Han population	% of total
1956	17,631	-	1991	65,101	2.94
1957	2,100-2,200	-	1992	66,318	2.94
1964	36,700	2.93	1993	64,890	2.84
1978	112,569	6.46	1994	65,749	2.83
1980	122,356	6.60	1995	67,772	2.88
1981	99,873	5.37	1996	68,725	2.87
1982	91,720	4.85	1997	69,205	2.85
1983	79,650	4.12	1998	73,841	3.01
1984	76,322	3.88	1999	70,145	2.83
1985	70,932	3.56	2000	72,122	2.87
1986	72,340	3.57	2001	77,003	3.03
1987	78,804	3.79	2002	85,166	3.33
1988	79,871	3.76	2003	105,379	4.07
1989	74,989	3.47	2004	93,306	3.54
1990	67,407	3.09	2005	104,647	3.91

Source: Liu Rui, 1989: 140-141; SBT, 2007: 33.

Major differentials in social and economic systems between the Tibetan and Han regions decreased in the 1950s and 1960s, and disappeared in the 1970s along with

³⁸ "Agreement on Measures for the Peaceful Liberation of Tibet" was signed by the representatives of the Dalai Lama's government and the central government on May 23, 1951 (for its content, see Karan, 1976:89-91).

³⁹ The Han population discussed in this article excludes military forces because no data are available.

the establishment of the commune system in the TAR. The impact of the religious differentials also decreased. These tremendous changes in the TAR increased the possibility of Han in-migration, especially in urban areas where the traditional culture was not as strong as in the rural areas. Controls on in-migration to the TAR were generally slack, especially during the “Cultural Revolution.”

However, it seems that few Han wanted to migrate into the TAR. The question is why Han in-migration did not occur in Tibet as it occurred in other autonomous regions such as Xinjiang and Inner Mongolia. In these other two large frontier autonomous regions, the Han population increased from 0.3 million in 1949 to 5.7 million in 1990 in the Xinjiang Uygur Autonomous Region, and from 5.2 million in 1949 to 17.3 million in 1990 in Inner Mongolia (CPIRC, 1991). Referring back to the model in Figure 1, what variables have had impact on Han migration into Tibet?

I raised this question with both Han and Tibetan cadres and scholars during my survey in the TAR (June-September, 1988). I asked why the Han people did not want to migrate into Tibet and why those who were already working in the TAR wanted to leave. It seems that there are different migration patterns in urban and rural areas in the TAR. The reasons given by cadres and intellectuals for urban areas are summarized below.

1. The importance of geographic factors was confirmed by all Han respondents. High elevation and scarcity of oxygen made many Han physically ill. I was told that after some incidents, in which either a mother or baby died, no Han women wanted to give birth in the TAR. They returned to the Han regions for childbirth and left their babies there with relatives. Some Han believed that after a long period of work on the plateau they could not survive heart attacks or other diseases they might suffer upon their return to the Han areas after retirement. Concern for their own and their children's health made many Han hesitant to work in the TAR.

2. Because transportation in the TAR still is not convenient as in other regions, entertainment is so limited, well-educated young Han cadres and intellectuals cannot visit their families often and complain that life in the TAR is very boring (Bass, 1990). The new railway connecting Lhasa and Xinning (Qinghai province) start functioning in July, 2006. It is for sure that it will change the situation.

3. The educational levels and development of science and technology is generally lower in the TAR than in other parts of China, therefore, young Han teachers, doctors and engineers complain that the TAR is not a good environment to develop their professional careers. They feel that they are disadvantaged when they return to the Han regions after several years of service in the TAR. Because of these personal concerns, only a very few Han university graduates are willing to work in the TAR, and those who already have been sent to the TAR want to leave.

Although the number of voluntary migrants has been small, the central government successfully arranged for thousands of Han to work in the TAR. Every year, many institutions of the central or provincial governments are requested to send a certain number of employees (with the required professional skills) to work in the

TAR for a designated period of time⁴⁰. The government raised the salaries of these employees one or two ranks, allowed them to keep their place of origin household registrations, and provided many subsidies and benefits⁴¹. They have an all-expenses paid six-month vacation after the first year of service, and self-postponement of return to their jobs in the TAR has not been an unusual occurrence. Both the TAR government and their work units also try to make them comfortable in Tibet. The Han usually lived in separate residential zones with better housing, water and electrical supplies (Ma, 1991:820).

A large proportion of Han migrants in Inner Mongolia and Xinjiang were spontaneous rural-rural migrants and these migrations mainly occurred during the 1950s and 1960s (Ma, 1987; Ji Ping, 1990). Why did this kind of in-migration not occur in the TAR during the "Cultural Revolution", when the administrative control on migration was also loose?

First, arable land is very limited in the TAR. During 1952-1988, the area of cultivated land increased from 0.4 to 0.57 million acres in the TAR, but because of natural population growth, cultivated land per capita decreased from 0.35 to 0.26 acres. Of cultivated land, only 34.8 percent has irrigation facilities (Li Qingzhu, 1990:55). Because of the conditions of temperature, rainfall, irrigation, and fertility of the land, area grain production (181 kg per *mu* or 1.1 ton per acre in 1988) in the TAR is less than half that in nearby Sichuan. An investigation by the Chinese Academy of Sciences reported that arable land not in use is only 0.2 million *mu* (32,940 acres) in the TAR (Shang, 1989:5). Cultivated land in the TAR (both by quality and quantity) cannot provide opportunities for farmer in-migrants. Besides, the grain (barley) able to be grown in a plateau climate is different from those in the Han regions (wheat and rice), and this difference also has a negative impact on in-migration of Han farmers into the TAR.

Second, several Tibetan autonomous prefectures are located between the TAR and Han areas (in Qinghai, Sichuan, and Gansu). The elevation in these prefectures is lower than that of the TAR and the climate is closer to that of Han areas. When Han farmers moved to Inner Mongolia and Xinjiang in the 1950s and 1960s, some also moved into these prefectures. During 1953-1982, the Han population in these Tibetan autonomous prefectures increased from 0.43 million to 1.45 million, then decreased to 1.44 million in 1990. But this migration was restricted by the central government and local authorities after the "Cultural Revolution."

During 1981-1994, the total number of registered in-migrants (for both urban and rural areas) was 0.113 million, while the total number of out-migrants was 0.189

⁴⁰ During the 1950s-1970s, they worked in TAR for a undetermined period of time. In the 1980s, people were sent to the TAR to work for a three- or five-year period. The total accumulated number of people who were sent to the TAR since the 1950s was about 200,000 (*People's Daily*, April 8, 1991).

⁴¹ A Han cadre in Gyantse county calculated his monthly income for me: 82 (salary) + 5 (bonus) + 23 (food price subsidy) + 2.5 (haircut) + 2.5 (subsidy of service length) + 7 (one rank extra salary) + 80 (plateau subsidy) + 35 (oxygen subsidy) + 11 (temporary subsidy) = 248 *yuan*. He would only earn 115 *yuan* (the first 5 items) if he works in a Han region.

million (SBT, 1995:40). There has also been a trend of out-migration among the members of the Han population who have been officially registered in the TAR. The recent economic reforms and its policies allow people to manage private business and travel with fewer restrictions. Since the late 1980s, spontaneous temporary in-migration has occurred in the urban areas of the TAR. Many Han peddlers, craftsmen, carpenters, construction workers, and businessmen arrived in Lhasa and other cities to make money. Their numbers were very large in Lhasa, at about 45,000-50,000 in the summer of 1988, or about 30-40 percent of permanent residents of the city (Ma, 1990:62). The migrants include Han, Hui, Tibetans, and others were about 100,000 (winter) to 20,000 (summer) in 2005.

Since the migrants were mainly young adults (predominantly male) and very active in the streets and markets, they made a very strong impression on visitors to Lhasa. The government raised the salary of government employees in the TAR for 2.5 times of the same rank in other regions. This policy significantly raises the urban residents' income, as the consequences, the income of temporary migrants in services also increased and became attractive for the new comers.

When asked how long they intend to stay in the TAR, most migrants respond that they are there only for a particular season or a limited period. Among the 516 temporary Han migrants in our 2005 Lhasa survey, 39.3% reported that they plan to stay in Lhasa less than 2 years, and only 16 respondents said that they intend to stay longer than 10 years. For the most part they are there for the economic opportunities and their plans call for them to return to their homes as soon as they have some savings to re-build their houses or to open businesses. Those migrants who rent land to grow vegetables were welcomed by local residents because their products reduced the prices of vegetables in local market.

The flow of temporary migrants into Tibet in recent years has strongly influenced local labor markets and raised prices causing some social tension due to the competition facing local Tibetan craftsmen, businessmen and workers. During our interviews in Lhasa in 1988 and 2005, we heard many complaints from local Tibetan residents. Additional study is needed to investigate their concerns and their impact (positive and negative) on the community, and other factors in order to find the best strategy for the government to regulate and manage this temporary migration.

In Tibet, government policies and regulations are still the key to understanding migration issues, in both urban and rural areas, whether it's the case of government arranged migration or spontaneous, temporary and circular migration.

In order to understand the role of the Han population has played in Tibet, we examine the age and occupational structure of the Han, and their geographic distribution in the TAR.

The age structure of both the Han and Tibetan populations in the TAR shown in Figure 3 are based on the data from 1982 census. The pattern of Tibetan age structure was a normal population pyramid. Among the Han, the 25 to 29-year-old groups was the largest, and there was a relatively much smaller group under age 14.

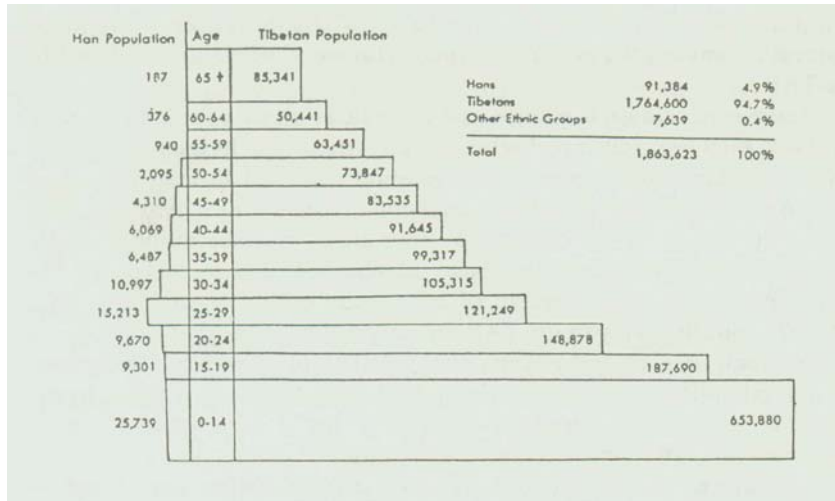


Figure 3. Age Structure of Han and Tibetan Population in the Tibet Autonomous Region (1982)

This pattern is clearly shown that a large proportion of Han in the TAR were cadres, professionals, and workers aged 20 to 34. Their migration was arranged by the government, and they worked in the TAR for a designated period of time, leaving elders and children in their place of origin.

The occupational structure of the Han is also very different from that of Tibetans. Of a total of 91,720 Han in the TAR in 1982, the “worker” group comprised 40 percent. Other groups were “professionals” (25.4 percent), “cadre and clerical” (22 percent), “service worker” (7.6 percent), “trade worker” (2.4 percent) and “worker in agriculture” (2.3 percent). In Contrast, “peasant and herdsman” comprised 87.1 percent of the Tibetan population. Other groups were “worker” (6.3 percent), “professional” (2.9 percent), “cadre and clerical” (2.4 percent), “service worker” (0.9 percent) and “trade worker” (0.4 percent) (Liu Rui, 1989:294). The structures of the Han and Tibetans in the TAR do not change in the following census data.

The geographic distribution of the Han population in the TAR shows that in 1982 the percentage of Han in the total population was less than 5 percent in most counties and less than 1 percent in more than half the total counties in the TAR (Ma, 1990:59). In 1986, 52.5 percent of the Han in the TAR lived in Lhasa City, where the government and its institutions are located.

Because most Han intend to stay in Tibet for only a short period of time, they maintain their life customs and assimilate less with the native Tibetans compared with the Han in other minority areas. On the other hand, accompanying the increasing influence of the central government in the TAR, many urban Tibetans learn the Mandarin (Han) language and have been influenced by the Han culture (Ma, 1990). Ethnic integration is obviously Han-biased in the TAR.

In sum, the Han in the TAR have been mainly cadres, professionals, and workers, working in government, schools, hospitals, and factories. Their in-migration was arranged by the government and they work in the TAR only for a period of several years. The TAR relies not only on the Han regions for consumer goods and financial

aid, but also relies on the Han regions for professional laborers.

IV. A Comparison of the Situation in Tibet and Inner Mongolia

Is the situation in the TAR unique in China? To what extent does Tibet share its experiences with other autonomous regions of ethnic minority groups? Inner Mongolia is another large autonomous region in China, with an area of 1.18 million square kilometers and a population of 23.7 million in 2000. A brief comparison between the TAR and Inner Mongolia help us understand the factors affecting social, economic and demographic changes in the TAR.

Like Tibetans, Mongolians have their own language and glorious history. They ruled all of China during the Yuan Dynasty (A.D. 1271 to 1368), and were expelled from central China by the Ming emperors. Therefore, their relationship with the Han group was looser than that between Tibetans and Han during the Ming dynasty (A.D. 1368 to 1644). Mongolians had a close relationship with the Tibetans because they have accepted Tibetan Buddhism since the Yuan dynasty. When the Manchus ruled China, both Tibet and Inner Mongolia (also Outer Mongolia) came under the direct administration of the Qing Dynasty (A.D. 1844 to 1911). In order to separate different ethnic groups for easier domination, the Qing emperors forbade the Han from migrating either to Tibet or to Inner Mongolia.

The situation began to change in the mid to late nineteenth century, when the British won the Opium War and the Russians expanded their territory into Siberia. The Qing Court released restrictions on, and even encouraged, Han migration into Inner Mongolia, Manchuria, and Xinjiang (the northwestern frontier) to protect border areas. Mongolian princes obtained a large amount of money by selling grasslands to Han farmers. In 1912, the Han population in Inner Mongolia reached one million, exceeding the number of native Mongolians (0.8 million). Meanwhile, due to several reasons (the negative attitudes of the Tibetan authorities towards Han in-migration, the large differences in social and economic systems, and the environmental factors), few Han farmers moved into Tibet.

When the Qing dynasty was overthrown in 1911, the civil war started. With military support from the Russian Red Army, Outer Mongolia claimed independence (although its legitimacy in international forum was not confirmed until 1945 after the wartime Yalta Meeting). The Dalai Lama's government also tried to become independent at this time. Because of Inner Mongolia's geographic closeness to central China and the strong influence of the large Han population, the central government established several provinces in the area of today's Inner Mongolia and placed them under its direct control. During 1912-1949, the Han population in Inner Mongolia increased from 1 million to 5.3 million, while the number of Han in Tibet decreased. It could be argued that the main reason for such a large difference in in-migration in Inner Mongolia and Tibet was due to administrative and political factors.

In 1959, the central government controlled Tibet. Social reform abolished serfdom, and monasteries lost their traditional power. Administrative systems and other organizations similar to those in other regions were established in the TAR. Other than the poor transportation conditions (no railways connects the TAR with other regions until 2006), other situations in the TAR are quite similar to those in Inner Mongolia. There were few spontaneous Han migrants to the TAR but the Han population in Inner Mongolia increased from 5.3 million in 1949 to 17.3 million in 1990 (a large proportion of the growth due to natural increases).

One could argue that the distance from central China is an important factor in Han in-migration to the TAR and Inner Mongolia. For comparison, let us examine another autonomous region -- Xinjiang. Xinjiang is located in the northwestern frontier area, as distant from central China as is Tibet. The Han population in Xinjiang increased from 0.3 million in 1949 to 5.7 million in 1990 (CPIRC, 1991). Transportation conditions in Xinjiang are better than those in the TAR (a railway connects the capital city of Xinjiang to central China). Geographic distance is certainly a negative factor affecting in-migration in Xinjiang compared with Inner Mongolia.

But Han population growth in Xinjiang is still significant. With social, economic, and administrative systems similar to those in Inner Mongolia and Xinjiang; with a similar geographic distance from central China as Xinjiang; with the same religion as that in Inner Mongolia (although its influence has weakened since 1949); with similar religious differences from the Han regions as in Xinjiang (Moslems in Xinjiang supposedly have a more negative attitude towards Han in-migrants because they eat pork); then geographic conditions (mainly the high elevation) in Tibet may be the only important factors left to explain the low volume of Han in-migration to the TAR.

Central government financial subsidies are also very important in Inner Mongolia. In 1988, the total income of the Inner Mongolia Autonomous Region was 2.4 billion *yuan* while expenses were 5.1 billion *yuan*. The aid of 2.7 billion *yuan* difference was covered by the central government.

But differences in production and population size between Inner Mongolia and Tibet are significant. An industrial productive system (steel and coal productions, electricity production, manufacturing, light industry) has been established in Inner Mongolia since 1949. In 1988, the value of industrial and agricultural production per capita was 986 *yuan* in Inner Mongolia compared to 440 *yuan* in the TAR. On the side of consumption, the average salary of state-owned enterprise employees was 1,641 *yuan* (plus 213 *yuan* for social welfare) in Inner Mongolia in 1988 compared to 2,739 *yuan* (plus 582 *yuan* for social welfare) in the TAR. Compared with Inner Mongolia, the TAR produces very little while consuming much. Results show that the central government subsidy was 130 *Yuan* per capita in Inner Mongolia compared to 566 *Yuan* in the TAR in 1994 (Statistical Bureau of Inner Mongolia, 1995:105). Local income of the TAR government has always been zero, or a deficit, so it has relied entirely on money from the central government.

The percentages of the central government's aid in local expenses to the five autonomous regions in China were 44.7 percent (Guangxi), 52.7 percent (Inner Mongolia), 60.4 percent (Xinjiang), 63.3 percent (Ningxia) and 99.8 percent (Tibet) in 1988 (Pan, 1989:143; Ji Xiade, 1989:286; Wei, 1989:271). The percentages in 2002 remain at a high level: 38.9 percent (Guangxi), 50.0 percent (Inner Mongolia), 59.5 percent (Xinjiang), 76.9 percent (Ningxia) and 93.8 percent (Tibet). The degree of financial dependence of the TAR is much higher than other autonomous regions.

V. The Reasons for this Economic Pattern to Emerge in Tibet

Why this “dependent economy” pattern can emerge and continue in Tibet? Several points may be brought into our attention:

1. The central government actually has practiced “diffusion model” (proposed by Michael Hechter) for centuries. This related to two traditions in Chinese ideology: (1) “the great unification”, which pursues unification of all controlled territories in all aspects: language, measurement, and social organizations; (2) “superiority of core Han areas”, which intends to assimilate border groups by the Han culture. This is the traditional cultural factor for such a policy.

2. The policy to provide financial subsidies and other helps to ethnic minorities is the principle of Marxist ideology in ethnicity. Ethnic minorities should be treated equally, and government should help them to “catch up” with advanced group to reach the goal of “factual equality”. This is the ideological base for such a policy.

3. The Chinese government had practiced a “planned economy” for several decades since the 1950s. This economic system made the central government to be able to distribute man power, money, and all kinds of materials into different regions and different groups according to its plans. This is the economic system base to practice such a policy.

4. Although there are 55 ethnic minority groups in China, the total population of these groups together only consists about 8 percent of the total population. For a large population of 1.2 billion Han and huge economic power of the Han regions, to provide some financial subsidies to these small ethnic groups is feasible financially.

5. For centuries, the central government in China (especially in the Qing dynasty) continually provided financial subsidies to Tibet and Tibetan leaders. It was clearly mentioned in the 17 Pint Agreement, that all expenses of administrative organizations and PLA from Han regions will be supported by the central government. After 1959, all construction and social services have been supported by the central government's budgets. This policy becomes a historical pattern between Tibet and the central government in finance.

VI. Concluding Observations

Before the twentieth century, the administrative, social and economic relations between Tibet and the Han regions were limited due to significant differentials in social,

economic and religious systems in Tibet. The official function of the relationship was to keep Tibet subordinate to China. Trade with the Han regions was important for Tibet's economy and consumption. During 1911-1950, the influence of foreign governments in Tibet increased and had a negative impact on the administrative relationship and trade between Tibet and the Han regions. Geographic features of Tibet (mountains and high elevation) have been important factor affecting trade, transportation and migration.

Monasteries were the dominant group in Tibet before 1959. Monks comprised a large proportion of the population. They were very powerful in the economy and they controlled the administration. Religious activities had consumed the majority of Tibet's wealth in the past. After 1959, monasteries lost their power. Under the new "freedom of religion" policy of the government, their influence has increased again since 1980.

Since 1959, social and economic systems of other Han regions were introduced into TAR. Although agricultural and pastoral production increased, productivity has been very low in state-owned enterprises. Accompanying the expansion of the TAR government and institutions, and with other disadvantages in Tibet due to the general low level of educational and economic development, the deficit in the TAR increased rapidly. Gradually, the finances of the TAR government have become entirely dependent on aid from the central government. The "dependent economy" of the TAR becomes a new factor in the relationship between Tibet and the Han regions.

The Han comprise a very small proportion of the total population in the TAR. They mainly are cadres and professionals. Their migration is arranged by the government and they usually work in the TAR for a designed period of time. The main reason why so few Han in-migrated to the TAR was because of its high elevation. Spontaneous Han in-migration occurred on recently and they are temporary migrants, working in services, trade, and handicrafts.

Referring to two development models proposed by Michael Hechter, as Tibetans have obtained equal legal rights compared to the Han and other groups after 1959, the political and economic systems of the Han regions have indeed diffused into Tibet. But these systems did not work well and resulted in a complete "dependent economy". People's income and welfare in the TAR now are even higher than the national level, but both urban residents' income and all people's welfare programs rely entirely on the financial aid of the central government. It cannot be called a successful example of the "diffusion model".

The Tibet case suggests that, if social and economic systems and cultural traditions had been so different between the core and peripheral region in the past, "diffusing the core's socioeconomic systems into periphery", at least as a short transition alternative, might be an oversimplified strategy. Besides the system reform, other aspects such as cultural and economic traditions, religion, and the knowledge of modern education and production need to be considered and play an important role in policy planning.

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