Development, Society, and Environment in Tibet

Papers Presented at a Panel of the
7th Seminar of the International Association for Tibetan Studies,
Graz 1995

Edited by
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Plate 8.5 – Central Tibet, Chushu (Chu Shur), Jangte (Jang sTod) village: male and female heads of a grain-growing household in discussion with a county-level Tibetan official, 3,500 metres. Graham E. Clarke, October 1991.
THE REFORMS REVISITED:
GRAIN PROCUREMENT IN TIBET

by

Ronald D. Schwartz, Newfoundland

Much recent writing on agricultural issues in Tibet has focused on questions of development and modernisation. But we know little about how Chinese procurement policy is implemented in Tibet, or the impact of such policy on rural livelihoods. Knowledge of important related issues is also sketchy, in particular whether state procurement policy has had the effect of retarding or promoting the development of market sales of agricultural products. The aim of this paper is exploratory, to suggest lines for further research, and its purpose is more to raise questions than to answer them. These issues are of primary importance to understanding contemporary Chinese agriculture, and it is reasonable to assume that procurement policy is similarly important in Tibet as well.

Chinese Procurement Policy

Since its inception, the PRC has relied on state procurement of the agricultural surplus rather than direct taxation as a means of controlling and distributing the agricultural product. The ‘state share’ of the grain harvest in the form of direct taxation has been relatively small and diminishing – falling from 14 per cent of the grain harvest in 1952 to four per cent in 1983 (Oi 1989: 17). Thus, the exemption from direct taxation for Tibetan agricultural producers recommended by Hu Yaobang in 1980 is not necessarily a major concession.

The definition of the grain surplus is of key importance in determining state procurement policy. The current procedure is in part a legacy of the period of collectivisation, when the amount allotted to the state as ‘surplus’ was what remained after the ‘state share’ (i.e. direct taxation) and the ‘collective share’ (which includes seed, fodder, and an amount for grain rations to peasant producers) were subtracted. Though the institution of the ‘household responsibility system’ in the 1980s has meant that individual families rather than the collective are now responsible for selling grain to the state at set prices, the state has continued to eye the peasant’s surplus and to define the allowable grain ration.

Overall in China in the first years of the reforms the state rapidly increased grain prices to producers. Between 1979 and 1981 procurements prices increased overall some 44 per cent (Oi 1989: 157). There was a corresponding dramatic increase in grain production, as well as an increase in grain consumption. Between 1980 and 1984 grain producers willingly sold to the state at the increased prices, more grain than the state in fact wanted to buy. Grain procurement rose to 34.8 per cent of gross production (Oi 1989: 162–3). Under the system of ‘unified procurements’ in effect at the time the state was obligated to buy as much grain as producers wanted to sell. In 1984, the above-quota price in China was actually higher than the free market price. It was possible for individuals and organisations to buy grain at low urban ration prices and sell it back at the higher procurement price, cycling grain through the procurement/subsidy system for a substantial profit.
Peasants throughout China devised ways to take advantage of the discrepancy between quota and above-quota prices. The state paid substantially more for grain at above-quota prices than for grain categorised within the basic quota. Peasants developed a number of strategies to shift the classification of their produce into quota categories with the most favourable pricing (Kelliher 1992: 125–34). At the same time, the state remained committed to grain procurement as a means of supplying grain at subsidised ration prices to a potentially volatile urban population.

In 1985 the system of 'contract' procurements was introduced. On paper farmers received the higher above-quota price for a larger proportion of their produce (often described as 70 per cent at the higher price and 30 per cent at the basic quota price), but the state was no longer obliged to buy everything that the peasants produced and the overall price for contracted purchases was lower than previous above-quota prices. The 1985 procurement target, for instance, represented a 19–24 per cent decrease in procurements from 1983 (Kelliher 1992: 172). Producers were then expected to sell their surplus on the open market. Grain, in particular, ceased to be an attractive crop for many producers throughout China, especially where more attractive cropping options existed. The result was both a decrease in peasant incomes and a drop in grain production (Oi 1989: 175; Sicular 1993: 353).

Though western analysts differ on absolute levels of production, it would appear likely that grain production has essentially stagnated since the mid-1980s, following the dramatic increase in the first years of the reforms (Sicular 1993: 342). At the same time, the gap between procurement prices paid to farmers by the state and free-market prices dramatically widened. In 1986 alone, following the introduction of the contract procurement system, free-market prices for grain increased by 29 per cent (Kelliher 1992: 137). Procurement was correctly perceived by producers to be a substantial tax on their product. Procurement price increases in the late 1980s coincided with high inflation and thus did not narrow this gap. At the same time, prices for a variety of other crops have dramatically increased, further reducing the attractiveness of grain production.

Under the new contract system introduced in 1985, peasants are supposed to enter into freely negotiated contracts with the state. In fact, a measure of coercion is used to ensure that producers deliver grain and other goods to the state. By the late 1980s 'mandatory quotas' had returned under another name (Kelliher 1992: 165; Sicular 1993: 354). The state also imposed restrictions on free markets, particularly in grain. In many areas farmers had no choice but to sell to the state, since alternative buyers did not exist. Quotas are allocated bureaucratically and then passed down through the different levels of the administration to producers, who have no choice but to comply: 'Peasants are handed their grain contract by village officials, who simply divide the total village quota by the number of mu\(^1\) of land in the village and multiply that figure by the amount of land a household has contracted to farm' (Oi 1989: 181).

The rationale for the system of procurement is to provide grain for an urban population at subsidised prices. An increase in procurement prices paid to farmers, while ration prices to consumers remain the same, thus constitutes an additional financial burden for the state. The scale of this subsidy grew dramatically during the first part of the 1980s, but political constraints have prevented the state from abolishing the procurement/ration system (Webb and Tuan 1993: 365–84, Crook 1993: 385–402). Producers recognise that the procurement system constitutes a form of taxation. Sometimes they must meet procurement obligations by purchasing commodities in the market at market prices, then selling them to the state at the lower procurement prices. Such

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\(^1\) 15 mu = 1 ha. Tibetans also use the Chinese measures of land area.
cash transactions highlight the taxation inherent in state procurement quotas (Kellibher 1992: 157–8).

Where economic alternatives exist, Chinese farmers often have attempted to circumvent the procurement system. The state has been forced to restrict the growth of free markets for the commodities that it procures through quotas (Sicular 1993: 341). Officials have blocked the shipment of commodities out of their jurisdiction. Where possible, peasants have shifted to commodity crops that offer a higher return on inputs than grain (Blecher and Wang 1994: 63–98). Rather than sell quota products at disadvantageous prices, they invent strategies to reduce their commitment to these products. In poor regions, where subsistence agriculture prevails, such alternatives are not available. Thus in many situations, the procurement system now constitutes a major disincentive to grain production.

**Grain Procurement in Tibet**

A tax exemption for Tibetan farmers was instituted in 1980 and has remained in place since then. After 1984 where in place the quota purchase system was abolished. An apparent major downturn in the volume of grain sold to the state led government planners to reconsider the policy of allowing farmers the freedom to sell. In 1987 the system of negotiated contracts described above for China was introduced in some of the grain producing counties in Tibet; this was extended to include ten central grain producing counties in 1989. In 1990 grain purchase agencies in these counties adopted the ‘five-year fixed term responsibility system’, which sets a minimum amount to be sold to the state for each household, awarding a bonus of 2 yuan per kg for exceeding the minimum, and penalising producers 2 yuan per kg for a deficit (TSP 1994: 141–2).²

Seen from the point of view of Chinese agricultural policy Tibet is a backward region stuck at the level of subsistence production, with inherent obstacles, both natural and social, to increased commodity production of grain. Cropping alternatives are limited, and the possibilities for rural enterprises and non-agricultural work few. Ration grain provided by the state is sold to consumers at subsidized prices. Furthermore, the state incurs huge losses through transportation costs importing grain from outside of Tibet (Wang and Bai 1991: 113).³

Tibet is a grain-deficit area. China and substantial quantities of grain (wheat and rice) have to be imported each year to meet the needs of the urban population. Grain imports by the state into the TAR appear to be some 60–90,000 tonnes yearly (SBT 1992).⁴ Figures on total tonnage of grain imported into the TAR from the Tibet Social and Economic Statistical Yearbook 1992 are difficult to interpret. Grain imports jumped from 30–50,000 tonnes yearly during the first half of the 1980s to 98,051 tonnes in 1988 and 141,421 tonnes in 1989, then dropped to 95,480 tonnes in 1990 and 61,266 tonnes in 1991 (SBT 1992: 233). Much of this grain was stockpiled during years of high inflation. TSP (1994: 146) reports a total of 125,650 tonnes of

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³ Wang and Bai (1991: 113) cite losses of 0.56 yuan per kg for grain shipped to Tibet. Liu Yanhun (1988) gives transportation costs in 1986 of 0.70 per kg for grain sold at 0.46 yuan per kg. In the wake of demonstrations in Lhasa following price rises in 1993, Lhasa municipality explained in a public statement that the state subsidised grain imported from outside the TAR at the rate of 1.2 yuan a kg, as well as subsidising locally-produced Tsam Pa sold by the state at a rate of 0.6 yuan per kg (Wen Wei Pao 1993). TSP 1994: 151 reports an average subsidy of 1.36 yuan per kg on grain imported during 1988-92.
⁴ The figure of 60–90,000 tonnes represents the difference between Grain Bureau sales and procurements for 1989-92 (see Table 9.2).
grain imported in 1988 and 205,290 tonnes imported in 1989, and total grain stocks in the TAR at the end of 1989 of 307,060 tonnes. Additionally, there are imports of foodstuffs by and for the armed services, and their potential side-sales, which are not reflected in these figures.

Grain procurement in Tibet meets the need for grain to supply to the non-farming population at subsidised prices — to urban residents, state employees and officials, employees of commercial enterprises, and pastoral herders. Some portion also goes to welfare for the poor. The bulk of procured grain is barley, consumed mostly by Tibetans, but a substantial portion is wheat. The amount of grain traded in nomad areas for animal products is considerable (SBL 1991: 24, 113–4). Grain procured within the TAR and distributed by the state offsets some of the losses incurred importing grain from outside. As long as the system of subsidised rations to consumers remains in place, any reduction in procurement within the TAR must be offset by supplying higher-priced transported grain. Thus, there is no reason to expect that the state wants to buy less grain from producers (as was the case in China during the years of excessive procurements before 1985). It needs as much grain as it can procure, both to meet its own requirements and to trade with herders for other products. This dilemma has been recognised by Chinese economists who examined the Tibetan economy in the mid-1980s: ‘If grain requisition and compulsory purchases in Tibet were to be abolished, the state would have to send in grain supplies immediately and provide funds to make up the growing deficit of grain enterprises.’ (Wang and Bai 1991: 105)

Table 9.1 presents data on the purchase of grain from farmers within the TAR since 1973 (not including national level imports and contracts with other provinces). These data on production and purchase of grains from official Chinese statistics must be interpreted with caution. Methods of collection are not necessarily reliable or consistent from year to year. Statistics from before the 1978–82 market reforms reflect collection methods of the centrally planned economy; those after may be incomplete and may not take into account unrecorded open-market sales. At best, official statistics can provide some clues to major trends over a number of years. 1986, however, is seen by Chinese agricultural economists as a watershed year for record low grain purchases in Tibet, prompting government attention and intervention (TSP 1994: 141). According to these figures, between 1973 and 1978, under the system of collective production, state purchases reached a high of 21.37 per cent of total grain production, some 101,270 tonnes of grain. Yet in the first years of the reforms, that is up to 1985, during which period a substantial increase in prices paid to producers by the state occurred, purchases dropped to between 8 and 12 per cent of the total, some 40–60,000 tonnes.

In 1986 purchases dropped to an all-time low for Tibet, 4.61 per cent (representing just 20,963 tonnes of grain). The years 1986–9, however, were also years of extremely high inflation, particularly with regard to the open-market price of grain. Open-market grain prices in urban areas increased a total of 305.65 per cent between 1985 and 1989 – 110 per cent, 153.2 per cent, 140.6 per cent, and 129 per cent for the years 1986, 1987, 1988, and 1989, respectively, over the previous year (SBT 1992: 316). Prices have remained at this new level in succeeding years. Increased imports after 1987 were a direct response to inflationary pressure in the price of grain, as the state attempted to control prices and meet demand through increasing imports, resulting in a large stockpile of grain (TSP 1994: 146). One study refers to a 50 per cent rise in

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5 Figures are available for the supply of grain rations to herders in the rural areas of Lhasa municipality in 1991. 54,100 herders make up 22.8 per cent of the rural population of the municipality. They are supplied 3,775 tonnes of grain (70 kg per capita) out of the total supply of grain to rural areas within the municipality of 5,641 tonnes, SBL 1991: 24 for rural population, 113–4 for grain rations to herders and rural areas.

6 There are sometimes discrepancies in figures cited even within the same volume.
prices paid by the state to producers in Chushu (Chu Shur) county in 1980, though prices for grain sold in the newly-freed market were still 20 per cent higher. It also reports a by-law being introduced by the government forbidding sales of grain to the open market, resulting in farmers storing excess grain. This by-law was still in place when that research was done in 1988 (Zhang et al 1990).

The state was forced to make up its increasing grain deficit (and its obligation to those entitled to ration grain) through increased grain imports. During this period grain shipments rise from the 30,000 tonnes of the first half of the 1980s to present levels approaching 100,000 tonnes.

Table 9.1 shows total grain purchases more than doubling between 1987 and 1989 (the percent purchased of total production goes from 6.46 per cent to 13.16 per cent). Figures on procurements and sales by the State Grain Bureau are available for the period 1987–92, and are presented in Table 9.2.

Table 9.1 – TAR, Purchase of Grain in Proportion to Total Production (and Wheat Production) 1973–1991 in tonnes

<table>
<thead>
<tr>
<th></th>
<th>Total Grain Production</th>
<th>Purchases of Grain</th>
<th>Percent Purchased</th>
<th>Wheat Production</th>
<th>Winter Wheat</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>373,604</td>
<td>65,880</td>
<td>17.63</td>
<td>68,584</td>
<td>24,190</td>
</tr>
<tr>
<td>1974</td>
<td>432,518</td>
<td>80,885</td>
<td>18.70</td>
<td>98,979</td>
<td>51,405</td>
</tr>
<tr>
<td>1975</td>
<td>445,827</td>
<td>87,630</td>
<td>19.66</td>
<td>127,284</td>
<td>96,820</td>
</tr>
<tr>
<td>1976</td>
<td>478,011</td>
<td>99,210</td>
<td>20.75</td>
<td>156,324</td>
<td>130,644</td>
</tr>
<tr>
<td>1979</td>
<td>423,425</td>
<td>58,495</td>
<td>13.82</td>
<td>154,350</td>
<td>154,350</td>
</tr>
<tr>
<td>1980</td>
<td>504,970</td>
<td>55,805</td>
<td>11.05</td>
<td>181,085</td>
<td>143,830</td>
</tr>
<tr>
<td>1981</td>
<td>483,749</td>
<td>41,305</td>
<td>8.54</td>
<td>128,846</td>
<td>86,483</td>
</tr>
<tr>
<td>1982</td>
<td>447,854</td>
<td>57,645</td>
<td>12.87</td>
<td>110,013</td>
<td>72,458</td>
</tr>
<tr>
<td>1983</td>
<td>368,834</td>
<td>43,335</td>
<td>11.75</td>
<td>132,892</td>
<td>67,705</td>
</tr>
<tr>
<td>1984</td>
<td>494,489</td>
<td>41,010</td>
<td>8.29</td>
<td>140,173</td>
<td>82,334</td>
</tr>
<tr>
<td>1985</td>
<td>530,669</td>
<td>43,499</td>
<td>8.20</td>
<td>118,519</td>
<td>72,621</td>
</tr>
<tr>
<td>1986</td>
<td>454,448</td>
<td>20,963</td>
<td>4.61</td>
<td>94,526</td>
<td>61,161</td>
</tr>
<tr>
<td>1987</td>
<td>467,043</td>
<td>30,182</td>
<td>6.46</td>
<td>106,882</td>
<td>71,864</td>
</tr>
<tr>
<td>1988</td>
<td>508,670</td>
<td>34,860</td>
<td>6.85</td>
<td>111,340</td>
<td>68,558</td>
</tr>
<tr>
<td>1989</td>
<td>549,923</td>
<td>72,508</td>
<td>13.18</td>
<td>134,046</td>
<td>92,739</td>
</tr>
<tr>
<td>1990</td>
<td>555,000</td>
<td>71,517</td>
<td>12.89</td>
<td>134,271</td>
<td>115,911</td>
</tr>
<tr>
<td>1991</td>
<td>644,185</td>
<td>48,792</td>
<td>7.57</td>
<td>133,088</td>
<td>133,874</td>
</tr>
</tbody>
</table>

Table 9.2 – TAR, State Grain Procurement and Sales, 1987–1992 in 1,000 tonnes

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>of which</td>
<td>wheat</td>
<td>27</td>
<td>n/a</td>
<td>41</td>
<td>54</td>
<td>67</td>
<td>56</td>
</tr>
<tr>
<td>other grains</td>
<td>6</td>
<td>n/a</td>
<td>13</td>
<td>19</td>
<td>27</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td></td>
<td>21</td>
<td>n/a</td>
<td>28</td>
<td>35</td>
<td>40</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>Total at planned prices</td>
<td>116</td>
<td>n/a</td>
<td>128</td>
<td>133</td>
<td>144</td>
<td>121</td>
<td></td>
</tr>
<tr>
<td>of which</td>
<td>wheat</td>
<td>54</td>
<td>n/a</td>
<td>75</td>
<td>73</td>
<td>67</td>
<td>49</td>
</tr>
<tr>
<td>rice</td>
<td>34</td>
<td>n/a</td>
<td>26</td>
<td>34</td>
<td>45</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>other grains</td>
<td>28</td>
<td>n/a</td>
<td>24</td>
<td>26</td>
<td>32</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>for the purpose of urban rations</td>
<td>n/a</td>
<td>n/a</td>
<td>62</td>
<td>62</td>
<td>74</td>
<td>51</td>
<td></td>
</tr>
<tr>
<td>other sales</td>
<td>n/a</td>
<td>n/a</td>
<td>13</td>
<td>13</td>
<td>12</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>rural rations</td>
<td>n/a</td>
<td>n/a</td>
<td>52</td>
<td>58</td>
<td>58</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>other sales</td>
<td>n/a</td>
<td>n/a</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>


In Table 9.2 ‘contract prices’ refer to contracts negotiated with farmers rather than mandatory quotas. Sales at ‘planned prices’ refer to sales at subsidized prices set by the state rather than open-market sales. ‘Urban rations’ refer to grain sold to urban dwellers with ration cards at fixed prices. ‘Rural rations’ include grain sold to pastoral herdsmen as well as state employees in rural areas. The category of ‘other sales’ refers to sales to other urban and rural organisations and enterprises. Data on procurement and sales by the state Grain Bureau are probably more reliable than over-all production and purchase data insofar as they are derived from accounts of actual sales by a single agency.

Procurements by the Grain Bureau in the TAR jumped from 27,000 tonnes in 1987 to 41,000 tonnes in 1989, reaching 67,000 tonnes in 1991. As a proportion of total production these quantities represent a procurement rate of 5.8 per cent in 1987, a rate of 7.46 per cent in 1989, and a rate of 10.4 per cent in 1991. All of this grain was purchased at ‘contract’ prices (the norm in both Tibet and provinces of China after 1985).

Grain Bureau sales since 1987 have remained more or less constant, in the 120–130,000 ton range, while procurements have gone up. The bulk of Grain Bureau sales still comes from imported grain, but the contribution made by grain procured in Tibet has risen from 23 per cent of sales in 1987 to 46 per cent of sales in 1992. The downward trend during the first half of the 1980s has been reversed. This suggests that there is considerable pressure to substitute procured grain for imported grain.

The other striking fact about recent procurement level rises is the increasing proportion of wheat in the total. Table 9.2 separates Grain Bureau purchases in the TAR into wheat and other grains (mainly barley). In 1987, 6,000 tonnes of wheat were procured, representing 22 per cent of total procurements. In 1992, wheat procurements were 23,000 tonnes, representing 41 per cent of total procurements. The amount of barley procured rose as well after 1987, by 50–100 per cent, but wheat procurements in the same period rose 400 per cent. Wheat production by Tibetan farmers fell dramatically after the introduction of the reforms. It fell from a high of 192,959 tonnes in 1978 to 128,846 tonnes in 1981, reaching a low of 94,528 in 1986 (Table
9.1. Most of this decline can be explained by the decline in the production of winter wheat. Table 9.1 shows winter wheat production falling from 153,223 tonnes in 1978 to a low of 61,181 tonnes in 1986.

The earlier quoted study of land use in Chushu county found that in the period 1980–83, following the reforms, winter cropping areas were reduced by 30 per cent (Zhang et al 1990: 28). Winter wheat production was restored after 1987 in Chushu county through 'government intervention.' Wheat production also fell off dramatically in Nyemo (sNye Mo) county after 1980 (from 26.3 per cent of total crop production in 1980 to 5.3 per cent in 1982). Cropping regulations after 1986 attempted to restore wheat production to 1980 levels (Zhang 1987).

Table 9.1 shows wheat production in general increasing dramatically after 1987, rising by 1991 to pre-reforms levels. Most of this can be explained by increased production of winter wheat. The rise in wheat production in this period corresponds with the increasing contribution of wheat to grain procurements.

Comparison of Households

Interviews with members of 13 households were conducted in India with recent arrivals from Tibet in the summer of 1993. These suggest that there is an enormous amount of variation between different areas in the proportion of the product of rural households that is procured by the state.

The informants were individual farmers and herders from a number of areas inside the TAR and from Tibetan autonomous areas in the adjoining provinces of Qinghai and Sichuan. Their flight from Tibet into refugee status was prompted primarily by the economic condition of their households rather than political persecution. Only a few of the farmers work land producing in excess of 3,000 kg/ha (200 kg/mu ). Most work marginal land with yields in the range of 1,500 kg/ha (100 kg/mu or less). Some of the households are mixed pastoralist agriculturalist (Sa Ma 'Brog), two are pure pastoralists ('Brog Pa). None of the households was engaged in production specifically for the market, and most had little produce left after sales to the state. Farmers said they prefer to barter with herders rather than sell surpluses of grain because of the price advantages realised by both parties. None of the farming households displayed any interest in growing wheat for market sale (either selling wheat to the state or consuming it themselves). Only surplus barley is traded or marketed.

Four grain producing households are detailed here – all from villages within two counties of Lhasa municipality. There are two cautions. First, informants were asked to recollect data on production and procurement for their household from the previous year, and ideally such recollections would have been clarified by observation and questioning in context. Here the data is presented as reported. Second, a refugee sample is not a stratified or random statistical sample of households within Tibet, or one area of Tibet. However, the data does provide some suggestive insights into the experiences of poorer grain producers with the system of procurement in place in one part of the TAR.

Household 1

A farming family in a rural county of Lhasa municipality. A village of some 20–30 families. This family received 0.26 ha (4 mu) of land per person at the time of the division of commune

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7 In 1991 Chushu county had 54.29 per cent of total sown area sown in wheat, the highest proportion in Lhasa municipality (SBL 1991: 28–9).
property in 1983, giving them 1.067 ha (16 mu). The family now consists of the mother, a son, and two daughters. They plant barley, wheat, and some beans. The reported yield is 2,100 kg per hectare using 210 kg of seed (140 kg per mu using 14 kg of seed). Total production is thus 2240 kg, of which they must sell 56 kg (112 jin) to the state. This appears to be a very low rate of procurement—some 2.5 per cent (if all land were planted in barley). The rate is based on the size of the family at the time of division. The price paid by the state is 1.0 yuan per kg (0.5 yuan per jin). However they are required to buy 3 bags of fertiliser (50 kg bags) at 60 yuan each. The family has enough grain to feed themselves, has enough for seed, and has a portion to sell in the open market or trade privately with herders for meat and butter. According to the informant, in this village of 20–30 families, only two are very poor and cannot live on farming.

Household 2

A family from another rural county in Lhasa municipality. 34 families in the village. Eight people in the family, both parents plus four brothers and two sisters. The family received 2 ha (30 mu) of land in 1981. 0.93 ha (14 mu) are planted in barley, 0.2 ha (3 mu) in wheat, 0.27 ha (4 mu) in rapeseed, 0.27 ha (4 mu) in beans, 0.27 ha (4 mu) in potatoes, 0.13 ha (2 mu) in radish. For two to three years following the division of land there were no taxes or quota sales. The first tax was a local tax organised to provide food for families with no source of income. In the village this amounted to only three or four people. Each working person was required to donate 2.5 kg of grain a year to provide 168 kg per unemployed person. Quota allotments are reported to have begun in 1983. For 2 ha (30 mu) of land the family must now sell to the state 196 kg (392 jin) of grain at 0.64 yuan per kg (0.32 yuan per jin). They are also required to sell some of the rapeseed to the government, for which the government pays 0.94 yuan per kg (0.47 yuan per jin). The government has tried to promote wheat, and more recently peas. Productivity is estimated at 1,500 kg per ha (100 kg per mu). Total production of grain on 1.13 ha (17 mu) is 1,700 kg using 210 kg per ha (14 kg per mu) for seed. This would give a procurement rate of 6.5 per cent if 2 ha (30 mu) were planted in grain. In fact, only 1.13 ha (17 mu) are planted in grain, and thus 11.5 per cent of the grain is sold to the state. For eight people the remaining grain is just adequate to meet the needs of home consumption. They have not received money for sales to the government since 1984, when payment first was made in fertiliser. They must purchase 2.5 bags (75 kg) for the 2 ha (30 mu).

Both households described above have an adequate subsistence adaptation. The amount of grain procured by the state is a relatively small percentage of production. The land worked by Household 1 is slightly more productive, and with a lower rate of procurement and fewer family members, they report a modest surplus for private sale. Neither actually received any cash from the state, as payment was made in chemical fertiliser: any cash that entered the household was obtained through other sources.

The next two households are from two separate villages east of Lhasa, both of which were described as Su Ma 'Brog. Grain production represents only a portion of household income. The land of Households 3 and 4 has a far higher yield than that of Households 1 and 2, but they are also subject to a higher rate of procurement for grain.

Household 3

The village has 100 families. There are seven in the household: a grandfather, grandmother, father (the mother died), two sons, a daughter and her husband. At the time of division in 1980 the

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8 Bags of chemical fertiliser vary by chemical composition, size, and price.
family received 1.13 ha (17 mu), based on six family members. The only crop is barley. For 1.13 ha of land they must sell 1,000 kg (2,000 jin) of grain to the government at 0.72 yuan per kg (0.36 yuan per jin). One hectare of land produces 3,750 kg (one mu of land produces 250 kg) in a good year (less in an average year). This is a procurement rate of 23.5 per cent (885 kg per ha). They must buy one large bag of fertiliser at 150 yuan. They receive cash for the rest of the grain sold to the state. The remainder of the grain is more than adequate to feed the household. They do not report selling additional grain in the open market. The household also received 18 animals in 1980 at the time of the division of commune property. This had grown to 50 animals in 1993 (20 dri, 8 yaks, 20 goats, 10 sheep). They must sell one kg of butter per dri ("Bri, female yak) to the government per year. 20 dri produce about 25 kg of butter per year, leaving the household with 5 kg after selling 80 per cent of their butter at procurement prices of 10 yuan per kg (5 yuan per jin) (market prices are reported as 10–12 yuan per jin). In addition, the family must sell one yak a year to the government at 500 yuan (the market price is taken to be 1,200 yuan).

**Household 4**

The village has 98 families. All are mixed agriculturist/pastoralist. This household now has seven members – the two parents plus four sons and one daughter live at home (two elder daughters work as waitresses in a tourist hotel in Lhasa). The family received 0.8 ha (12 mu) of land based on four working members at the time of the division around 1983. 0.4 (6 mu) are planted in barley, 0.4 ha (6 mu) in rapeseed. For 0.8 ha of land they must sell to the state 420 kg (840 jin) of grain (or rapeseed). The government pays 0.86 yuan per kg (0.43 yuan per jin) for grain and 1 yuan per kg (0.5 yuan per jin) for rapeseed. 0.067 ha (one mu) of land produces 250 kg (500 jin) of grain in a good year. This is a procurement rate of 14 per cent (525 kg of grain or rapeseed per ha of allotted land). With 0.4 (6 mu) planted in grain the total production is 1,500 kg (land is rotated with rapeseed). The remainder of the grain after sale to the government is consumed by the household. They claim that they do not have enough grain to live on and family members must find additional work as labourers to buy more. They do not receive cash for grain sold to the state, but receive two large bags of fertiliser. At the time of the division of commune property the household received 19 dri, 6 yaks, and 20 sheep. They now have only nine animals left – two yaks (needed for ploughing) and seven dri. They have been selling off animals over the years to live. They do not have to sell wool to the government. Yaks are sold at 1,000–1,200 yuan per yak to private businessmen. The money is used for food. In a year ten families together must sell one yak to the government at a price of 200 yuan (the obligation is rotated among families).

Households 3 and 4 received roughly the same allotment of land per person (0.2 ha (3 mu) per person and 0.18 ha (2.8 mu) per person, respectively). But the number of persons in Household 4 has increased from four to seven. Even with a lower procurement rate they have a grain deficit. Household 3, on the other hand, is relatively prosperous in subsistence terms, though the high rate of procurement limits its potential participation in the open market. Household 4 might just make ends meet if it did not have to sell any grain to the state, but with seven persons to feed, its potential for market sales is in any case small.

**Discussion**

The cases of the four households described above indicate considerable variation in the rate of procurement – even within one region. It may be significant that the two mixed agriculturist/pastoralist households, with higher yield land and additional animal resources, are also required
to sell a great proportion of their grain to the state. Further investigation is necessary to determine how rates of procurement are determined on a village by village basis. Given the data collection for one case-study from refugee households who have migrated for economic reasons, the sample data presented here is skewed toward less adequate household adaptations. Furthermore, the situation may be different in other regions or other groups within these regions from which no informants were encountered. In these cases the data suggests the level of procurement can make the difference between a satisfactory subsistence adaptation, with a potential surplus available for sale in local markets or for barter, and a food-deficit family. However, for the four households from counties within Lhasa municipality described above, reported prices varied within a range of 0.64 to 1.0 yuan per kg.\textsuperscript{10}

Producers are aware that market prices for their products are sometimes significantly higher than what they are being paid by the government. The prices paid to farmers sometimes are also lower than the subsidized ration prices for grain sold to non-agricultural consumers. In some cases, this discrepancy has widened as prices paid to farmers have stayed at low 1980s levels, while ration prices have gone up in step with recent price rises in the market. It may be that officials in some areas have kept procurement prices at their mid-1980s levels. As in China, local officials may not have fully implemented government policies (Sicul 1993: 341). Disparities in both levels of procurement and prices paid to producers are found throughout China.

Price increases for consumers since the mid-1980s have been dramatic. The ration price for Tsam Pa in Lhasa before 1987 was reported to be 0.42 yuan per kg.\textsuperscript{11} In June 1992 the price was 0.62 yuan per kg. In January 1993 it was 0.90 yuan per kg, and reached 1.0 yuan per kg in April 1993. In some areas, prices paid to farmers may have fallen behind ration prices to consumers. Thus, the state is in a position to profit on the sale of local grain (partially offsetting its losses on imported grain). Government prices for grain sold to nomads appear to have been higher than prices to urban consumers since the mid-1980s.\textsuperscript{12} Goldstein and Beall report a price of 1.0 yuan per kg to nomads in Shigatse prefecture in 1985 (increased from 0.30 yuan per kg in 1984), which is more than the county paid for the grain it sells to nomads (Goldstein and Beall 1989: 164). Market prices in rural areas may be lower than in Lhasa, but a number of the thirteen households indicated that they could sell surplus grain in local markets at 30–50 per cent higher than government prices.

Officially, sales to the state are characterised as negotiated ‘contracts’. In practice, producers are told how much they must sell to the state. To distinguish these contracts from earlier forms of mandatory quotas, they are represented as ‘voluntary’ or ‘self-motivated’ (Rang sKul). But when questioned about the consequences of refusing these contracts, Tibetan informants expressed incomprehension (or they enumerated the fines they would be liable for). Grain sold to the government on a contract basis is referred to as sPus Tshong, which is the same term previously used to refer to grain supplied to the state to meet mandatory quotas.

\textsuperscript{9} See Osmaston this volume.

\textsuperscript{10} Much lower government prices were reported from other areas, particularly in Chamo prefecture and outside the TAR – in the neighbourhood of 0.4 yuan per kg (the lowest reported is 0.24 yuan). It may be that prices paid to farmers in some areas have been raised as market prices have gone up, but not in other areas.

\textsuperscript{11} Government rations for Tibetans are normally Tsam Pa (roasted barley flour). Adult ration-card holders are entitled to 13 kg a month. The prices reported here were provided by recent arrivals from Tibet in India in the summer of 1993.

\textsuperscript{12} Sicul (1993: 353) reports that policy throughout China beginning in 1985 was to raise the price for the resale of grain into rural areas to equal the new contract procurement prices, while keeping urban prices low.
Inflexibility within the system of procurement aggravates its negative effects, and the present system of procurement is clearly not a progressive system of taxation. Further local research is needed to indicate how adaptations are made, if at all, to changing household demographic and economic circumstances. Comparative material from one study of mountain agriculture in Tibetan areas of western Sichuan indicates that

... unfavourable pricing systems for grain products do not encourage farmers to be more productive ... Over-emphasis on grain cultivation without an appropriate adjustment in the pricing system will neither result in optimum use of the resource base nor encourage farmers to support the regional plan. When restrictions were placed on their farming choices, farmers ... responded by decreasing their grain producing areas and by reducing input in grain crops, as long as they could harvest enough grain for their own consumption and for land revenue. Those farmers having surplus grain prefer to sell it outside the region where grain prices are higher.

(Liu Yanhua et al 1992: 32)

In the TAR itself, forms of barter exchange between herders and farmers have recovered since the reforms of the 1980s (Zhang 1989: 53-5). They are part of the traditional adaptation to life on the Tibetan plateau. These exist alongside the free market trade that has sprung up between rural areas and cities and towns since the 1980; but the extent of overall market integration is unclear. There are conflicting reports within Tibet as to whether it is state policy to encourage or to discourage market sales of grain, and if the situation in lowland China is indicative, policies may oscillate back and forth from year to year.

The distortions created by a two-tier price system are well-documented. One frequently suggested proposal is to abandon the system of price subsidies for grain to consumers and let the price paid to producers rise to market levels. This idea is generally supported by reform-minded Chinese economists as a way of reducing the rural/urban income disparity in China and encouraging the modernisation of agriculture (Zhu 1991: 165-6; TSP 1994: 152-5). Wang and Bai, who favoured this solution, suggested that the price rise in grain sold to the pastoral population would be more than made up for by letting the price of wool rise to market levels (1991: 118). This would stimulate the rural economy, putting cash in the hands of both farmers and herders (but also would reduce the substantial profits made by the state through the resale of nomad products). The impact of higher grain prices would be felt primarily by urban residents and employees of state organisations.

Here there is a continuing policy problem. To a large extent the problem of grain subsidies to urban consumers in Tibet mirrors the predicament faced by the state throughout China. Raising the price of grain to urban consumers may lead to urban unrest, while increasing the subsidy enlarges the deficit for the state (Crook 1993: 395). This problem is compounded in Tibet, where the state is required to import large quantities of grain at a substantial loss to feed the urban population. Keeping imported grain prices low means the state is operating at a deficit, and clearly in terms of balancing financial accounts it is advantageous to procure all of the lower-priced Tibetan grain possible. An alternative would be to raise the price for grain in state-allocated rations; but this would impose an unacceptable burden on those who have access to such state-subsidised rations.

In the volatile agricultural economy of China the suggestion that procurement policy be relaxed for indigenous producers and consumers is unacceptable. One analyst has made the following comment on grain policy in mountain areas of southern China

... If it relaxed grain policies in the mountain areas, not only would the state have to continue to carry the burden of making good the shortfalls in grain supplies ...
such policy relaxation would almost certainly be taken up in areas which the state sees as major suppliers of commodity grain leading to reductions in total grain output. (Powell 1992: 210)

As has been noted by Jean Oi

... Communist revolutions eradicate traditional power structures, but they do not alter the basic issue of peasant politics: how the harvest shall be divided. Although the revolution removes landlords from the historical stage, the state and its agents appear as newly powerful claimants on the harvest. (Oi 1989: 1)

The persistence of household-based subsistence agriculture in Tibet has confounded planners since the implementation of the reforms. The thrust of development policy in China over the past fifteen years has been to formulate policies that will lead to the commercialisation of agriculture, and in Tibet the commercialisation of agriculture in lowland China is often taken as a model to emulate. Ecological factors may or may not impose absolute limits on the scale of agricultural development possible; this question is beyond the scope of the present discussion, but lowland Chinese farmers may have a greater variety of options for production at their disposal which may have helped them move into areas outside the procurement system. Where this has not been possible, they have responded in ways similar to Tibetan producers.

The purpose of this paper has been to raise questions for further investigation. Procurement is only one aspect of Chinese agricultural policy, and is linked to other important points that have not been touched on, such as resource management, investment and modernisation, demographic factors, migration. Among other things, it would also be useful to understand the role played by village level cadres as intermediaries between the state and rural producers. A substantial body of research and knowledge has accumulated over the last fifteen years with regard to the political economy of agriculture in contemporary China – identifying areas of conflict, policy dilemmas, and the sources of rural unrest. Research into the effects of Chinese agricultural policy in Tibet should be approached with some of these same issues in mind.
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