

THE POOR IN PARADISE: TOURISM DEVELOPMENT AND RURAL POVERTY IN CHINA'S SHANGRI-LA

Ben Hillman

Contemporary China Centre, Australian National University

ABSTRACT

Shangri-la County in the northwest of China's Yunnan Province is currently undergoing a boom in state-led tourism development. The following is a discussion of the impact that this is having on local economic development and poverty alleviation in the region. While tourism has spurred local economic growth and increased local state revenues, it is often assumed that there is a 'trickle-down' benefit to the poor. This assumption is based on a misunderstanding of poverty that has the potential to lead to greater impoverishment rather than poverty reduction. This paper considers recent developments in the region in an effort to show that tourism cannot help alleviate poverty unless opportunities are created for the poor within tourism. If tourism development is to bring real benefits to the poor, the prefecture and county governments cannot make decisions in isolation from other social and economic policies.

TOURISM IN CHINA

The economic importance of tourism is widely recognized. Throughout the world, tourism has mobilized the largest numbers of people, goods and services that humanity has probably ever seen (Greenwood 1989). China has been a large recipient of this growth in tourism. The latest statistics from the National Tourism Administration indicate that tourism revenue in 2000 reached RMB 499.5 billion (US\$60.18), an increase of 10.5 percent from that of the previous year. The revenue included foreign-currency earnings of US\$17.8 billion from overseas tourists and RMB 352.2 billion (US\$42.4) from domestic tourism. The Chinese mainland received 89 million visitors in 2001, a growth of 6.7 percent from that of the previous year.¹

Within China, Yunnan Province has been at the forefront of tourism development, with a provincial development strategy that is based primarily on the expansion of the tourist industry. In 2000 Yunnan Province received 37 million domestic and overseas tourists that generated revenues of RMB 20.4 billion (US\$2.46 billion). Forecasts are for 47 million visitors by 2005, 52.6 million by 2010, and 64 million by 2020.²

While the great majority of these tourists head for the tropical areas in Yunnan's south, especially the Tai autonomous area known as Xishuangbanna, tourism in the Tibetan parts of Yunnan's northwest is expanding rapidly. This has been largely the result of the local government's aggressive marketing of the region for nature tourism and ethnic tourism purposes. In 1999 the number of tourists visiting Yunnan's northwestern Diqing Prefecture reached

1.13 million, almost double the previous year's figures of 652,000.³

DIQING PREFECTURE AND SHANGRI-LA COUNTY

Shangri-la is one of the three counties that make up the Diqing Tibetan Autonomous Prefecture.⁴ The other two are Deqin County and Weixi Lisu Autonomous County. Together they have a total population of 353,500 people of which 297,000 or 84 percent are ethnic-minority nationalities. Ethnic Tibetans are the largest single group, with 33 percent of the population.⁵ The area is home to the upper watersheds of the Mekong, Salween and Yangzi Rivers. The prefecture's total surface area is 23,870 square kilometers. To its immediate north is the Tibetan Autonomous Region (TAR), to the northeast is the Karta Tibetan Autonomous Prefecture (Sichuan Province) and, to the south, Lijiang Naxi Autonomous County. To the West only Nujiang Lisu Autonomous County stands between it and Myanmar. The prefecture has an average elevation of 3,300 meters (some 11,000 feet). The mostly rural population depends primarily upon animal husbandry (there are approximately the same number of cattle and pigs as there are people in the prefecture) and the cultivation of barley (the Tibetan staple), oats, potatoes, rape seed and turnips (see Table 1 for employment by sector breakdown). Rice, wheat and some fruits are also found in a few pockets at lower altitudes. During the summer months, some vegetables can be grown, and the mountains offer a further

Hillman, Ben. 2003. The Poor in Paradise: Tourism Development and Rural Poverty in China's Shangri-La. In *Landscapes of Diversity: Indigenous Knowledge, Sustainable Livelihoods and Resource Governance in Montane Mainland Southeast Asia*. Proceedings of the III Symposium on MMSEA 25–28 August 2002, Lijiang, P.R. China. Xu Jianchu and Stephen Mikesell, eds. pp. 545–553. Kunming: Yunnan Science and Technology Press.

Table 1. Number of Workers by County and Sector in 2000

| Location | Total Workers | Agriculture, Forestry, Animal Husbandry | Industry | Construction | Post, Telecoms | Small Business, Trade | Other |
|-------------------|---------------|---|----------|--------------|----------------|-----------------------|-------|
| Diqing Prefecture | 160,706 | 149,484 | 1,045 | 812 | 3,120 | 1,766 | 4,479 |
| Shangri-la County | 59,156 | 54,178 | 551 | 432 | 1,357 | 787 | 1,851 |
| Deqin County | 28,748 | 26,855 | 25 | 34 | 418 | 233 | 1,183 |
| Weixi County | 72,802 | 68,451 | 469 | 346 | 1,345 | 746 | 1,445 |

Source: Yunnan Province Statistical Yearbook 2001.

source of wild vegetables and mushrooms. The matsutake mushroom can fetch high prices and many communities derive the bulk of their cash income from its harvest between June and September. Local cash income is still below the provincial average (see Table 2).

Altitude, small agricultural surpluses and isolation have hindered Diqing's economic development. In fact, once large-scale logging began in the late 1960s, timber provided the only industry of note. By the mid-1990s the timber industry generated more than 80 percent of the prefecture's GDP. It was also the main source of revenue for the local governments at the prefectural, county and township levels. Throughout the prefecture 84 mostly township-owned mills produced timber worth RMB 366 million annually.⁶ Most households that had access to road and market were involved in the timber industry in some way or another. Some worked directly for the state logging companies; some worked as subcontracted drivers; and others practised small-scale logging for direct sale to market. Quotas were in place throughout the 1990s but poorly enforced, and a lot of extra money could be made from illegal logging. Greed and ineffective forestry management led to a massive reduction in forest cover and the ravaging of mountainsides close to the accessible and inhabited areas. The forestry bureau built many hundreds of kilometres of roads that go nowhere but straight into forests for the purpose of logging.

Over the years, here and elsewhere in this region of China, the deforestation has caused environmental disasters not only locally but for broad sweeps of lowland areas along the Yangzi River. Denuding of the catchment areas has been a major cause of disastrous flooding that left 4,100 dead and millions more homeless in Hubei, Anhui and Jiangsu Provinces in 1998.⁷ Reports that deforestation upstream was a major cause of the flooding

urged the central government to take decisive action. In August of that same year Beijing declared a complete and unconditional ban on all logging in the mostly Tibetan areas of the upper Yangzi, including parts of southeast Sichuan Province and northwest Yunnan Province, and a closure of all timber markets in those regions effective from September. Diqing's largest industry and biggest off-farm employer was closed down overnight. Local governments were also left high and dry, with up to 80 percent of their revenues slashed.⁸ The search began for alternative sources of revenue. The central government announced that it would give the Diqing Prefecture Forestry Bureau RMB 50 million per year in subsidies to offset losses. This sum is equivalent to the prefecture's declared former earnings from timber sales and taxation. However, the subsidies would be finite and so the search began for alternative sources of revenue.

SHANGRI-LA'S NEW TOURISM

Tourism was already being promoted starting in 1997, when the region became fully open to travelers, but the reality was that road access and facilities were too poor to attract visitors in any numbers. With the logging ban came renewed impetus for tourism development, and work began almost immediately on an airport and improved road links with Lijiang, one of Yunnan's premier tourist sites to the south. The airport was completed in 1999. In that same year the Tourism Bureau gave over 7 million RMB to the town's Songzanlin Monastery, the largest in the prefecture with over 800 monks. The money went to a new car park and new gilded rooftop. The county also ordered that all street and shop signs were to be in the Tibetan script as well as in Chinese. Work began on a new main street that was to house the county government and other state agencies. The architecture of this street had to be in the Tibetan style, but because of the logging ban and consequent timber shortage, white circles were painted in place of what would normally be great timber beams protruding from the tops of walls. The county government has moved into a new compound complete with Tibetan façade. New hotels sprang up and were keen to imitate this contemporary interpretation of Tibetan architecture. Efforts started to pay off. Building on Yunnan's success in attracting Chinese and international tourists, Diqing's number of tourists

Table 2. Average Rural Income Per Capita in RMB^a

| Area | 1995 | 1999 | 2000 |
|-------------------|-------|-------|-------|
| Yunnan Province | 1,011 | 1,438 | 1,479 |
| Diqing Prefecture | 511 | 1,070 | 1,068 |
| Shangri-la County | 692 | 1,133 | 921 |
| Deqin County | 530 | 1,182 | 1,224 |
| Weixi County | 356 | 892 | 1,060 |

Source: Yunnan Province Statistical Yearbook 2001.

^aUS\$1 = RMB 8.25

doubled to over one million between 1998–99. The industry is estimated to account already for approximately one fifth of the prefecture's economic output.⁹ In 2001, government revenues from the tourist industry were estimated to have reached RMB 68 million, which is RMB 10 million higher than revenues from logging at the peak of the logging era.

By far the biggest coup for the local authorities was the successful name change from Zhongdian to Shangri-la. This was the icing on the cake for tourism promotion and a certainty to put the area on the map. Zhongdian, like many other places in and around the Himalayas, had been referring to itself as a Shangri-la in tourist promotions for some years. Shangri-la is one of those fictions that has become both a myth and a synonym for utopia across many languages and many cultures. The origin of the name dates back to the novel, *Lost Horizon*, written by James Hilton in 1933 and turned into a Hollywood blockbuster motion picture by Hollywood director Frank Capra in 1937. In the story, a group of four Westerners, including a British diplomat and an American hustler, flee a revolution in India only to crash land in a remote part of the Himalayas. They find themselves in a land of great beauty and spiritual wisdom that Hilton describes as "touched with the mystery that lies at the core of all loveliness." The land of religious and inter-ethnic peace and harmony is presided over by monks of Buddhist and Christian backgrounds who in turn are guided by a 200 year-old French Catholic priest. The British consular official falls in love with a young Manchu beauty only to find that she, too, is really 65 years old. In Shangri-la the aging process is dramatically slowed by a combination of drug taking and magic mountain air.

County and prefecture officials admit that it requires a stretch of the imagination to speak of a "real" Shangri-la, but that it is a fabulous boon for tourism development. A recent document sent to the governor of Diqing Prefecture by the head of the prefectural Tourist Bureau contains a blueprint for using Tibetan culture as a draw card for mass tourism. The suggestions centre around creating a wide Tibetan tourist zone that connects northwest Yunnan with eastern Sichuan and Tibet. There are proposals for 1,130 kilometres of road links to be established between these areas. The Tourist Bureau also suggests that the three provinces cooperate on the project. Cooperation has already begun between authorities in Yunnan and Tibet to improve and promote the *Chama Gudao*, the Old Horse and Tea Road, as a rival to the Silk Road.¹⁰ There are other plans to build a minority dance theatre, a tourist farm where tourists can milk cows and make butter tea the Tibetan way, as well as a number of "eco-tourism" development schemes designed to make it easier for visitors to access the upland lakes and forests.

The successful expansion of tourism has meant increased funding from the central and provincial governments to upgrade infrastructure and facilities. An airport

has been constructed for the first time with plans for international flights to Hong Kong and Kathmandu and the local government has received massive funding to extend its paved road network. The terrible roads between the three county capitals are currently being paved and many areas are receiving power and water facilities for the first time. This year alone, government investment in the prefecture will reach RMB 1.7 billion, which is more than the last 30 years of state investments combined.¹¹ The prefectural government estimates that a further RMB 500 million of private investment has followed the boom in tourism, of which RMB 300 million is estimated to be from outside the prefecture. Thirty new companies have moved into the area and 50 hotels have been built.

TOURISM AND POVERTY

Tourism can be of great benefit to the poor for a number of reasons. Firstly, it can be very labour-intensive. Secondly it can be developed in marginal areas where other industries have little chance to develop. Tourism is dependent on natural capital such as scenery and "exotic" cultures, which are often found in poor, remote areas. Thirdly, it can contribute to the diversification of local economies. Income can be earned from wages in formal employment, from the sale of goods and services, rents, and from the profits of locally-owned or community enterprises. Tourism also has the potential to generate funds for reinvestment in other community assets that have a direct impact on poverty such as health and education (Goodwin 2000).

For government officials in Shangri-la, tourism and poverty relief are virtually synonymous. Many officials do not see any alternatives to tourism in promoting economic growth and raising standards of living.¹² The head of the Diqing Prefecture Tourist Bureau, Ah Wa, is very enthusiastic about the benefits that tourism can bring to poverty relief in the area. For example, high levels of education are not required for many of the opportunities created by tourism. He claims that one young person working in the tourist industry can support his entire family. He pointed out that a goat worth only RMB 100–200 in 1998 can fetch up to RMB 600 in 2002 when barbecued for a group of tourists. Others can sell their handicrafts, such as yak-tail dusters at road stalls. Ah Wa also believes that contact with tourists will help bring new ideas and outlooks to the villagers in his prefecture, which will help them compete in the modern economy.

Critics of tourism often point out that its real beneficiaries are not locals, but wily outsiders who bring in experience and capital but leave with the profits. Tourism officials admitted that of the 13,000 people estimated to have jobs in the tourist industry, some 30–40 percent are *waidi* (non-locals).¹³ This is a critical issue for the people of Diqing who, living at high altitudes, are without sufficient

other options when it comes to generating alternative sources of income. The larger hotels generate some employment for locals, but the higher-paid jobs are largely occupied by people from more developed parts of Yunnan Province, such as Lijiang, Dali and Kunming. Cleaners and waiter staff tend to be local—many of them ethnic minorities. Average wages for these jobs range from RMB 400–600 (US\$50–75) per month for cleaners and housekeeping compared with about RMB 1500–2000 (US\$210–320) per month for supervisors. At one major hotel in Shangri-la's county seat, for example, the lack of locally qualified people has meant that it has had to offer generous packages to attract staff from outside the prefecture (Table 3). Those staff are given one month off for every three months that they work as well as a RMB 700 per month "altitude" subsidy for supervisors and above.

Employment as tour guides is increasingly providing opportunities to minorities with sufficient education to speak good Chinese or English. All guides are required to take a Chinese language test in order to receive a work permit. Although prefectural officials claim that tourism provides many employment opportunities for people with little education, these better-paid positions are often filled by outsiders, even if those outsiders are sometimes ethnic minorities from other regions. The same pattern also appears to be occurring in small business, particularly in retail and restaurants. As tourism expands, more experienced traders from outside the area arrive in search of profit. A quick count of business owners along two blocks of the main street of Zhongdian revealed that more than half are from outside of the prefecture. In Lijiang, a more developed tourist area to the south, the great majority of small business owners in the well-touristed old town are non-local, most of them from Fujian Province. In a market economy this kind of mobility should of course be encouraged, but local policies need to gear towards helping locals compete or it will present a major stumbling block to poverty alleviation. This will be an ongoing challenge for local officials in the prefecture as the economy readjusts from primary industry to the tertiary service sector.

Outside of the cities, tourism is providing opportunities for villagers who live close to popular destinations such as Bita Lake or the Baishuitai waterfalls. There, local residents can earn a modest income by taking tourists horseback riding or by selling them drinks and souvenirs. At Bita Lake I interviewed Tibetan villagers who were

part of a horse team (*madui*). They charged each tourist RMB 25 (US\$3) for a ride back up the hill from the lake. From this they paid RMB 5 (US\$0.70) as an administrative fee to the team leader who was also from their village. After subtracting costs of maintenance for the horses, they claimed to be able to make a profit of between RMB 2–4,000 (US\$250–500) per year. Because of the proximity of an Yi village, they had to agree to share the business. Teams from both villages camp at the lake in ten-day blocks and get five days of work each—Tibetans one day, Yi the next. At Baishuitai, a popular scenic spot of terraced calcium deposits three hours drive from Zhongdian, a new village has sprung up to provide accommodation and other facilities to tourists. The largest hotel there provides a number of jobs to locals. A new paved road had been almost completed as of June 2002 to transport the 50,000 annual visitors.¹⁴ In other areas, villagers close to roads are able to sell handicrafts such as pottery and yak tails made into dusters. This generates a small income, but there are also many rural residents close to the roads and tourist sites who will benefit little or not at all from tourism. Half way between Zhongdian and Baishuitai is the Yi village of Jiulong. The new road means that the Jiulong villagers can get their matsutake mushrooms to market faster during the season, but the number of tourists that stop on their way to Baishuitai creates enough business for only one or two small shops and a restaurant. The guesthouse there is inhabited only by spiders. One local entrepreneur wonders if he can sell Yi handicrafts to passing tourists, but getting timber has become so complicated since the logging ban that he sells Yi bowls and ashtrays brought in from Sichuan Province.

Road and other infrastructure projects associated with tourist development are providing some but also limited opportunities for employment in Shangri-la. A new section of the main highway south to Lijiang and Kunming is being constructed. The new section passes through the middle of Jisha village in Xiao Zhongdian township. The subcontractor is a company from Dali that has brought in its own team of labourers from other parts of Yunnan and Sichuan Provinces. When I asked the project manager why locals are not being hired, he first answered that they did not know how to cut the stones (*da shitou*). I suggested that they could learn easily enough and that it would be also more cost effective to hire them because they would not need to be fed and housed like the *waidi* labourers.

Table 3. Staffing at a Major Hotel in Shangri-La County Seat: Outsiders versus (Local)

| Department | Department Manager | Supervisor | Assistant Supervisor | Regular staff |
|-----------------|--------------------|------------|----------------------|--------------------|
| Front desk | 1 (0) | 2 (0) | 4 (0) | 19 (8) |
| Housekeeping | 1 (0) | 3 (0) | 6 (2) | 31 (15) |
| Food & Beverage | 1 (0) | 3 (0) | 6 (1) | 22 (10) |
| Administration | 1 (0) | 1 (0) | 1 (1) | 8 (4) ^a |
| Security | 1 (0) | 1 (0) | 3 (3) | 6 (5) |

^aAll four local staff are cooks in the staff canteen.

His response to this was that jobs are subcontracted through connections (*guanxi*), and that labour team leaders will naturally bring in their own people. Local government contracts do not stipulate that a certain percentage of workers must be hired locally. Some have benefited, however. Those villagers in Jisha who have heavy machinery left over from the logging days have been able to get work moving earth. Nine truck and two tractor owners earn good money on the site, but when the section of the road is completed their equipment will once again become idle. The trucks are too old and unreliable to travel further a field in search of work.

Large tourist development projects are relatively new to Shangri-la, so it is still too early to tell if they are following a similar pattern to more developed areas. In Lijiang to the south, many popular tourist sites have largely been taken over by large corporate interests. Just to the north of Lijiang is the popular Maoniuping (Yak Plateau) with superb views of Jade Dragon Mountain. Locals used to profit from taking tourists up by horse, but that income is now lost to a large chair lift that now carries the majority of visitors. The new entrance fee is not passed on to local communities either. Local community leaders estimate that at least 80 percent of the profits from the development leave the area.¹⁵ A nearby villager also lamented the damage that mass tourism had done to the environment. Much of the grassland had been destroyed by careless feet and detracting from the fodder available for the villager's livestock.

Shangri-la County has similarly contracted out the development of another natural tourist attraction to a property developer from Kunming. Under the deal, the developer builds paths and fences and manages the park for 50 years. Each year the developer pays the county government a fixed sum, set to increase by 10 percent per annum, keeping in return the entrance fees to the park. The fee is currently RMB 30 (US\$4) per person which currently nets only RMB 1,500,000 (US\$195,000) per year for the developer. This figure is expected to increase by ten times over the next three to five years. The county government gets its revenues from tourism development and the developer is guaranteed all future profits. This 'win-win' situation does not extend to the local population. While the new roads and power that will come with the development are definitely welcome in the community, control over the main tourist attraction has effectively been sold out to outside interests for the next two generations. A central government directive now bans this practice, but sites have to be first recognised as national nature heritage sites.

Similar large-scale tourist development projects are in the pipeline for scenic spots in Shangri-la. One township government in Shangri-la County signed an exclusive deal with another property developer from Kunming to install a chair lift and accommodation for visitors to a picturesque mountain plateau. At the base of the plateau are sev-

eral Tibetan villages that are the gateway to the area. None of the villagers was consulted when the deal was signed, in this case, by the township government. The deal promises the township payments of RMB 100,000 (US\$12,500) for the first year, increasing by 8 percent per year for 10 years.¹⁶ The township was particularly hard hit by the logging ban (it is a veritable ghost town these days), and the promise of such lucrative revenues made it easy for authorities to overlook village interests. When I spoke to village officials about this, I was informed that the viewpoints of villagers need not be taken seriously because what they say in the morning will change by the afternoon. Work has not begun on the project, but when and if it does, it is unlikely that villagers will be compensated for the environmental degradation and disturbance to their lives that is likely to follow. Some villagers with whom I spoke were skeptical about the proposed benefits, but thought that there was nothing that they could do about it (*meiyou banfa*). Even the legality of the contract is doubted by several officials who I spoke with at the county and prefectural levels, but two years on township officials have not been called to task over the matter.¹⁷

A blind eye is turned to the legality of the deal possibly because it is a *kaifa* or "opening up and developing" project. *Kaifa* involves the expansion of infrastructure and communications and is considered a "magic" word in local government circles. *Kaifa* for the purpose of tourism is seen as the solution to expanding government revenues and alleviating poverty in the region. Its positive impact on poverty is taken for granted by local officials to the extent that even the Poor Area Development Office (PADO), known as the *Fupinban* in Chinese, tend to speak more of *kaifa* as their goal rather than poverty alleviation (*fupin*) as such (Dennis 2002).¹⁸ The recent trend in farming out *kaifa* contracts also creates problems of accountability. When there are conflicts of interest between developers, villagers do not know through which channels they can voice their protest. For some villages, expanding tourist infrastructure can mean a loss of opportunities. Some villagers near Deqin and were actually opposed to the construction of a new road because it meant that tourists would bypass their village on their way to the popular Meili Snow Mountains. Without a road going higher up, trekkers and climbers are normally obliged to hire horses and guides from this village.¹⁹ Local voices such as these are unlikely to be heard as present institutional arrangements do not allow for the participation of the poor in *kaifa* investments.

Nature tourism and conservation projects designed to maintain a pristine natural environment for tourism purposes can also be at odds with village needs. When the logging ban was out in place in 1998, state employees in the logging industry were kept on as forest conservation officers. For the thousands of villagers earning a living from logging related activities, however, the ban meant a loss of livelihoods. A large number of villagers took out

large loans to buy machinery that they could hire out to the state logging companies and were left with the burden of making repayments without income. Idle machinery can be seen rusting away in many villages. The logging ban was also accompanied by a gun and hunting ban. Large financial penalties now apply to anyone found either hunting or in the possession of a gun. Hunting used to provide an additional source of protein to local diets as well as hides for making winter clothes. The practice was sustainable as long as it was limited to own-use and not commercial sale. In the village of Tongduishui in Deqin County, villagers used to depend on the sale of firewood and charcoal for their main source of cash income. As their village is part of a nature reserve, new strict controls have cut them off from this income. Education campaigns run by the local environmental station and township authorities might have taught villagers something about environmental protection, but they have done little to help them replace their lost incomes.

Nizu is an example of tourism actually blocking local development. Nizu is a Tibetan village in Shangri-la County that is several hours walk from the nearest road. Villagers decided to pool their resources and build a road between Shudu Lake and the top of their valley, which would make the county seat only a two-hour walk plus two-hour bus ride away. Villagers had half completed clearing the road when the county government stopped them. The area lies at the centre of the Parallel Rivers National Park for which the Chinese government hopes to gain world natural heritage status and millions of dollars of international conservation funding. Roadwork, the villagers were told, could not continue until a proper environmental impact assessment had been made of the area. Several months later the people of Nizu are still waiting for this assessment. Despite its lack of infrastructure and tourism, Nizu is one of the most prosperous Tibetan villages that I have visited in Shangri-la. It is hard to imagine this from looking at the village and its fields cut into the steep mountainside. Nizu's strength is its strong tradition of education. Villagers are strict about sending their children to school (perhaps as a way out of their remote location), and most finish elementary school to go on to middle school in the county seat. Of the 60 households in the village, more than 50 have one or more members in paid employment outside the village, many of whom hold local government positions.²⁰ Nizu is close to pristine virgin forests and lakes for which there are plans for tourism development. The village's experience, however, suggests that *kaifa* and tourism should not always be assumed to be the answer to poverty in the region.

UNDERSTANDING POVERTY

One of the biggest problems in the relationship between tourist development and poverty relief is that while offi-

cials find it easy to understand the meaning of *kaifa*, very few understand how poverty is experienced and understood by local people. The Chinese state defines poverty primarily according to income.²¹ Poor households have been defined as those whose annual incomes were below RMB 300 at 1992 prices. That figure had risen to RMB 635 by 1998. This, combined with a caloric intake measure, effectively sets the poverty line at the point where a human being has just enough to eat to continue physical survival. Numerous surveys of the extent of poverty in China have revealed, however, that while income remains an important factor in people's experience of poverty, non-income factors play a large part in the rural poor's perceptions of their poverty. Factors most often cited include access to land and social services such as health and education as well as technical training and veterinary services (Beynon et al. 2000; China County Strategy Review Team 2001; Croll 1994; Tak-chuen 2000).

Tourism-driven *kaifa* all too often diverts the bulk of rural investment toward infrastructure projects at the expense of other social services. One of the most neglected areas that the poor consistently cite as a cause of poverty is poor quality and unaffordable education. Admittedly, with the help of several NGOs, Diqing Prefecture has improved many school buildings and raised rural teachers' salaries, but money is not spent on keeping children in school. Chinese education statistics are deceptive because they are based on enrolments and not on actual attendance. During planting and harvest season, many children are routinely absent from classes. Much of the curriculum is also irrelevant to rural life and children's experiences in the village community. Some areas have been furnished with new school buildings that win pats on the back for the officials responsible, but quite often these same schools are left without books or writing materials. Some teachers have to make up for the shortfall out of their newly "raised" salaries. In other villages there is a lack of incentive to send girls to school. In Sharong village, Deqin County, I visited a four-year elementary school where the teacher insisted that all the children attend class. I counted 21 boys and only 6 girls. It is impossible that this ratio is representative of the male-female population in the village, especially in an area that is exempt from the one-child policy.²² In most Tibetan villages in Shangri-la it is still rare for students to complete six years of primary school, and few villages can boast more than a handful of people that have graduated from a further three years of junior high. Spoken Mandarin language skills are inadequate and functional literacy in either Tibetan or Chinese out of reach for many.²³ Without improved curriculums, better quality teachers and greater enforcement of minimum schooling, it is likely that local ethnic villagers will remain at the bottom of the new tourist industry's list of beneficiaries.

Health is also an area where the rural poor continue to suffer disproportionately even as *kaifa* development takes place. In one Shangri-la village I attended a discussion

with several officials from the village, township and county levels. The village is at the base of a picturesque mountain range and is being developed for tourism purposes. A new paved road was under construction in 2002. The discussion focused on the need to better manage grazing livestock so that the environment could be better preserved for ecotourism. All present agreed that tourism development should be given priority in the area, but the stepfather of the village head asked about health. He said to the group that in his village when people get sick they usually die. There were a few moments of silence before the topic was changed. In another village in the south of Shangri-la County, villagers complained that the state-appointed doctor was always running off to town and never there when she was needed. One day a woman got her hair stuck in the engine of a truck. Her hair was pulled out violently and she suffered from acute blood loss. Luckily the village was only one hour from the county hospital and transport was available from logging trucks or she would likely have died. In that same year an 18-month old girl was terribly burned around the face and head in a household fire. Her face was horribly deformed by the accident and her hair unable to grow. The family spent RMB 40,000 (US\$5000) on medical treatment that did nothing for her in the end. When I visited the family, the grandfather asked if I knew any foreigners that would take her in because she had no future in the village. For many, these are the awful experiences of poverty that tourism-led development does not address.

LOCAL INSTITUTIONS

In many villages, tourism is also creating community tensions as villagers struggle to manage visitors and share profits. In Yubeng, a picturesque Tibetan village at the foot of Mt. Kawakebo, villagers have agreed to take turns in hosting trekkers who stay overnight. Some houses are better equipped than others, and when I visited the village, a group of trekkers refused to stay in the dirty and run-down house whose turn it was. This caused an argument between the head of the household and another villager who ended up taking the group in. In the end, the group had to pay the household whose turn it was and then pay again at the place where they finally stayed. There is great potential in Yubeng for a small, professionally run lodge. One such attempt was made by a local villager who invested RMB 30,000 only to find that he had to wait his turn for guests like everyone else. If the villagers could jointly build and manage such a project, the benefits could be shared by all. Outside interests in the form of a development company working with the county and township, however, might beat them to it.

Tourism is posing a great challenge for village institutions and their ability to control and manage local resources. In one village in the south of Shangri-la County,

(the same village for which a development deal was signed between the township government and a property developer) another development project supported by a Kunming-based NGO is aimed at helping villagers hold and maintain a stake in the fledgling tourist industry. The village is the gateway to a mountain plateau, lakes and forests and has become an increasingly popular base for trekking expeditions to this region. Villagers have started to earn an income from serving as guides and renting horses. Each household that has horses takes turns in renting them when a group arrives. The NGO is helping the village construct a small eco-lodge where a limited number of guests can stay at any one time. The building and management of the lodge is overseen by a committee of five that were elected directly by the villagers. Profits from the lodge, when it is completed, will be shared equally between the village households. Getting the villagers to agree to the project, even though full funding was to be provided, took over one year of negotiations. Initially, a number of villagers thought that the project was just an excuse for the project leader to build his own mountain retreat in their village without proper compensation. Yet others thought that even if the project was a genuine gift to them and it were successful, the township or county government would acquire it accusing them of being incapable of managing it safely and correctly. Eventually a decision to give it a try was reached when someone suggested that they simply burn it down if any of their suspicions proved correct. The experience reveals the lack of confidence that villagers have in controlling and managing their resources. This is because they are long used to being told what to do by higher levels instead of participating directly in decision-making themselves. Although China's new village administration laws stipulate that the township government serve only as a "supervisor" to decisions made by the village committee, the practice is rather different. During a meeting to discuss the eco-lodge project at the township government offices, the deputy party secretary told me that villagers care only for prayers and monasteries and could not play a leading role in the decision-making on any large development projects.²⁴

The recent introduction of village elections in north-west Yunnan is also unlikely to improve village control and management of local resources. This is because decisions regarding tourism development are typically made not in the village but at levels far removed from local communities. Village elections were introduced to many villages in the prefecture for the first time in 2001.²⁵ The elections are designed to improve local resource management by making village officials more accountable for the use of those resources. How these elections will enable villagers to gain a greater share of the spoils of tourism is far from clear. Village surveys conducted in Shangri-la County in 2002 show overwhelmingly that the rural poor see village cadres as agents of the state that serve their own interests and not that of the village. It is unlikely that

the elections will have much impact on village administration while investment in education remains so low. There is also a danger that in some cases village elections might reduce village institutional capacity vis-à-vis higher levels of the state. The deputy director of one administrative village in a Shangri-la township is a 21-year-old boy elected because he was lucky enough to go to junior high school and could read and write. Literacy and higher levels of education better enables village representatives to communicate with township and county officials, but the educated tend to be young and their youth and lack of experience makes them easy targets for manipulation from above. Some of the educated youths are ambitious to find a job in the township government making it unlikely that they will be assertive or confrontational with township or county officials. Under these circumstances, it is conceivable that village elections serve as a more legitimate means for higher levels of government to implement their policies at the village level. Another problem with the elections is that because illiterate villagers need someone to help them vote (often government staff from the township or county), their vote is hardly private. Everyone knows who voted for whom. For this reason many are hesitant to unelect an incumbent or someone that the township has promoted for the position, especially if that person is a powerful member of the community.

CONCLUSION

Shangri-la's tourism is doubtless a boon to northwest Yunnan's economic growth. Tourism growth has attracted large amounts of investment from the state and private sector. Infrastructure is improving at an unprecedented rate and many rural communities are receiving road connections and electricity supplies for the first time. However, the policy dictates of *kaifa*, or opening up and development, mean that infrastructure projects will go ahead without consideration of how the poor will benefit. The assumption that there will be a 'trickle down' to the poor and instant poverty alleviation is misguided because tourism development is the goal and the poor do not have the means to compete in the new sector. The real challenge lies in creating opportunities for the poor within the new economic development. This can only be achieved if poverty is better understood by the local state and more is invested in social capital such as education and other community and technical services. Government revenues from tourism are already a potential source for the necessary investment.

NOTES

1. "China's Tourism Markets to Grow." Electronic Document, <<http://www.cctv.com/english/news/20020225/83964.html>>

2. Joint plan between the Yunnan provincial government and the World Tourist Organisation.

3. Source: Diqing Prefecture Tourist Bureau.

4. Autonomous prefectures (*zizhizhou*) are the equivalent of districts (*diqu*) in non-minority nationality areas and should not be confused with autonomous regions (*zizhiqu*), which are the equivalence of a province. The main difference between an autonomous prefecture and a district is that it is allowed to keep a greater share of local tax revenues and may also receive additional funding from the Minority Nationalities Commission. Senior local officials in the autonomous prefectures and counties tend also to be from ethnic minorities. The heads of the prefectures, counties and their constituent bureaus must be ethnic minorities.

5. Within the province Tibetans are only the fourteenth largest ethnic group. Their numbers are concentrated in Diqing Prefecture.

6. Figures made available to me by the Prefectural Forestry Bureau and confirmed by officials in the Shangri-la County government.

7. Statistics have been collected from various media reports and from <<http://www.disasterrelief.org>>. Throughout the twentieth century flooding in China claimed over one million lives.

8. Before the logging ban, government revenues from state logging and taxation of private logging amounted to RMB 58,000,000 per year. These figures were provided to me by officials at the Diqing Prefecture Tourism Bureau and verified by officials at the Forestry Bureau.

9. Diqing Statistical Yearbook (*Diqing Nianjian*), Yunnan Arts Publishing House (*Yunnan Meishu Chubanshe*), 2001.

10. The *Chama Gudao* is a route between central Tibet and the lowland areas of what is Yunnan Province today. Tibetan traders would sell horses at various stations along the route and return with tea and other products unavailable at the higher altitudes.

11. Information supplied to be by the head of the prefectural Tourism Bureau and by Shangri-la County officials.

12. Personal communications May–July 2002 with officials from the prefecture forestry bureau, the tourism bureau and the poverty alleviation and development office.

13. This figure includes only those with salaried employment in the industry. The prefectural government estimates that close to 60,000 now depend on tourism for their livelihoods.

14. Numbers based on entrance tickets sold in 2001. Information supplied by Sanba Township government.

15. Personal communication, May 2002.

16. The contents of the contract were read aloud during a visit to the township government in May 2002.

17. Under Chinese administrative laws, the township does not have the authority to independently decide on the use of natural resources. See the "Village Committee Organisational Law," temporarily enacted in 1987 and reenacted in 1998.

18. See also Information Office of the State Council of the People's Republic of China (2001).

19. Personal Communication, Xidang Administrative Village Head, Deqin County, 3 June, 2002.

20. Based on household survey conducted in the village in July 2002. The levels of education found in this village are unique among Tibetan villages in the prefecture. A further survey in progress is aimed at finding an explanation for the strong "tradition" of formal education in the village. There were no schools in the area prior to the 1950s.

21. In 1999 the Leading Group for Economic Development and Poverty Alleviation (LGEDPA) also adopted a daily caloric intake criteria as a measure of poverty. It stipulated that an individual that consumed less than 2,140 calories per day were poor. This is still below the international standard of 2,400 cal-

ories. Source: World Bank, *China: Strategies for Reducing Poverty in the 1990s*.

22. Sharong is exempt because the villagers are an ethnic minority (Tibetans). They are legally permitted to have two children. In other parts of rural China where the one-child policy is enforced, there can often be found higher numbers of boys than girls, mostly as a result of selective abortion.

23. Literacy in Tibetan is much less common than literacy in Chinese as it does not offer any significant economic advantages.

24. See the "Village Committee Organisational Law," temporarily enacted in 1987 and reenacted in 1998.

25. The 2001 village elections were the second elections for some villages. The elections take place every 3 years.

REFERENCES

- Beynon, Louise, Zheng Baohua, Lu Caizhen, Zhao Yaqiao, and Liu Jinlong
 2000 Understanding Rural Poverty and Poverty Constraints in China: An Analysis of the Causes of Poverty and Poverty Constraints in Poor Rural Areas of China, and the Impact and Effectiveness of Poverty Alleviation Projects. Report commissioned by the UK Department for International Development (DFID), July.
- China Country Strategy Review Team, Australian Agency for International Development
 2001 Rural Poverty Alleviation Projects: Lessons Learnt and Recommendations for the Future. Report, March 2001.
- Croll, Elisabeth
 1994 **From Heaven to Earth: Images and Experiences of Development in China**. London and New York: Routledge.
- Dennis, John V.
 2002 A Review of Provincial Social Policies in Yunnan, China. Regional Report, 25 June, 2002. Electronic document: <http://www.mekonginfo.org/mrc_en/doclib.nsf/e83bef19a2e33efbc72566170044aafc/fef19e617923704ec725683100231d8a?OpenDocument>, Accessed 17 December, 2002
- Goodwin, Harold
 2000 Pro-Poor Tourism: Opportunities for Sustainable Local Development. **Development and Cooperation** 5 (Sept/Oct): 12–14.
- Greenwood, Davydd J.
 1989 Culture by the Pound: An Anthropological Perspective on Tourism as Cultural Commoditization. In **Hosts and Guests: The Anthropology of Tourism**. 2nd edition. Valene L. Smith, ed. Pp. 129–138. Philadelphia: University of Pennsylvania Press.
- Information Office of the State Council of the People's Republic of China
 2001 The Development-Oriented Poverty Reduction Program for Rural China (*Zhongguo de Nongcun Fupin Kaifa*), October, Beijing. Electronic document: <http://www.enviroinfo.org.cn/LEGIS/Related_Laws_or_Regulations/la556_en.htm>, accessed 17 December 2002.
- Tak-chuen, Luk
 2000 The Politics of Poverty Reduction in China. **China Review** 2000. L. Chung-ming and J. Shen, eds. Hong Kong: The Chinese University Press.