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Rural Tibet has experienced a dramatic change in the past 25 years. Around 1980, the system of communal production in Tibet was replaced by the current quasi-market system called the "responsibility system," and in almost all areas, the commune's land and animals were divided among its members on a one time basis. All individuals alive on the day of division got an equal share but anyone born after that did not get anything. From then on, the household became the basic unit of production as it had been in Traditional Tibet. A new economic era began.

Although I am sure you all have heard or read depictions of Tibet as exceptionally impoverished, and to an extent it certainly is, it is also clear that in the two decades since 1980, the standard of living in rural Tibet has improved a great deal. Tibet has a long way to go, but it is important to understand how far it has come and what problems it faces moving forward.

Much of what I am going to say is based on my own longitudinal research in rural Tibet that began in 1986, and in particular, from a large field study of 13 farming villages in three counties that began in 1998.

On the positive side, almost all the rural farmers we studied had a favorable opinion of the responsibility system. Ninety-four percent indicated that their livelihood had improved since decollectivization in 1980. Seventy-seven percent said that they produced enough barley for their family's food needs, and 67 percent said that they had one or more year's worth of barley stored in reserve.

Similarly, the three main high quality or luxury traditional foods -- locally brewed barley beer, butter, and meat -- were all widely consumed. Three quarters of the households said they now make and drink beer regularly rather than just on special occasions and the majority of families reported that they ate meat or fat either daily or several times a week. 91 percent reported they drank butter tea every day.

Finally, the material situation of village households is another empirical way to assess standard of living. We addressed this by asking households about their ownership of a range of durable consumer goods that went beyond the "basics." The results were mixed. While 71 percent of households owned a pressure cooker, 60 percent had a Tibetan carpet set, and 57 percent had a metal stove and 53 percent a bicycle, only 30 percent had a sewing machine.

What accounts for these gains? First and foremost is the new economic framework that allowed households to keep the fruits of their labor. In farming, this allowed households to intensify the care with which they planted their own fields, and resulted in most households quickly experiencing increases in production. These increased yields were further amplified by the government's new policy of exempting rural Tibetans from taxes.

This effect was even more impressive with respect to domestic animals which increased 82 percent since decollectivization, and more if chickens and pigs are counted. The milking animals that provide the essential milk that every rural household needs to make butter for tea, have increased an amazing 668 percent.

Finally, the new economic structure also has allowed and encouraged rural households to engage in non-farm income generating activities, and as we shall see, many have done so.

But I do not want to paint an overly rosy view of rural Tibet. Despite these improvements, Tibetans clearly have a long way to go vis-à-vis inland China. For example, as of 2002, none of the 13 villages we studied had running water in houses and only the village immediately adjacent to a county seat had a water tap and electricity. None of the areas had improved dirt roads, let alone paved roads.

And, critically, there is still a great deal of real poverty. Despite starting equally in 1980, 14 percent of households were poor in the sense that they did not have enough grain either from their own fields or bought through earned income, and another 28 percent of households were having a difficult time meeting their basic subsistence needs. Moreover, in the poorest areas we studied, about 30 percent of the households were poor as I defined it. Thus, while progress in rural Tibet in some ways has been impressive, many families have faltered and are in dire need of assistance.

The situation in Tibet, however, is not static and there are fundamental changes going on that need to be mentioned since these raise serious questions about whether the overall increases of the past 20 years can be sustained, let alone improved over, say, the next 20 years.

First, and most critical, is a serious decline in per capita land holdings. As a result of population growth and fixed land size, there has been an average decline of 20 percent in per capita land holdings, and this does not take into account land lost to home building sites, floods, roads, etc. Since Tibet's rural population will continue to grow during the next decade, this process of decline will continue.

Second, the cost of living is increasing. In addition to general inflation, the price of key products such as chemical fertilizers has increased substantially, while at the same time there has been a decrease in government subsidies and an increase in local taxes. This combination is also likely to be exacerbated in the years ahead.

Compensating for this by trying to increase yields will not be easy because farmers are already using high levels of chemical fertilizers and improved seeds.

Similarly, it is unlikely that the value of Tibetan crops will increase and compensate for the changes. The market for Tibetan crops is limited and declining. Tibetan barley and wheat have no export potential outside of Tibet because Chinese do not eat barley and find the Tibetan wheat too coarse. And even in Tibet, the increasing consumption by Tibetans of rice, vegetables and imported white flour, means they are consuming less barley and Tibetan wheat, and this trajectory is likely to increase.

Tibetan farmers are acutely aware of these changes and challenges and they are trying to compensate in a variety of ways, for example by contracting fraternal polyandrous marriages in which two or more brothers take a wife since this concentrates labor in the household and avoids dividing the land between the brothers. They are also increasingly using contraception to have fewer children, and most critically, are actively taking steps to secure non-farm income.

It is clear to rural villagers and their leaders that without a source of non-farm income households can not move from basic subsistence to a good standard of living, and in the future it may not even be possible for households who are now self-sufficient from their fields to remain so if they do not have some modicum of non-farm income.

Not surprisingly, in 1998, 44 percent of males between the ages 20 and 34 were engaged in migrant labor for part of the year and 49 percent of all households had at least one member so engaged. Most of these worked as manual laborers on construction projects. Moreover, it is significant to note that only 24 percent of households in the poorest area were engaged in non-farm labor.

With respect to such work, we found widespread frustration and anger in the villages about the difficulties villagers faced in finding jobs. Villagers commonly complained that there are not enough jobs for them and that because their skill levels are low, most of the jobs they find pay poorly. The villagers overwhelmingly lay the blame for this on the unrestricted influx of non-Tibetan migrant laborers.

Rural Tibetan farmers now find themselves in competition for constructions jobs with large numbers of more skilled and experienced Chinese workers, and given the current policy, this competition will certainly increase. How Tibetans will fare in the future, therefore, is less than clear. There are some positive signs, but it is hard to be very optimistic. What is really needed is a change in government policy that would give much greater priority to securing jobs for Tibetans, perhaps through a large-scale system of set-aside contracts for them for some period of time.

However, if the current policy continues, rural Tibetans will have to compete as best they can, and it is here that outside development organizations can and should play a helpful role. There are many things that rural Tibetan communities need, but I believe that the greatest impact will come from those programs that address what rural Tibetans themselves primarily want and need, namely, assistance in generating non-farm income. Whether the life of rural Tibetans will improve in the next decade depends on many complicated issues occurring at the macro-level, but it is clear to me that foreign development programs can make a useful difference in the lives of rural Tibetans, although given the economic and political problems in Tibet, it will not be easy.