Poverty Alleviation Through Ecotourism in the Three Parallel Rivers World Heritage Site, Yunnan China

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24 May, 2011

Jenny Juhyung Cho
### Abbreviations and Glossary

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ABC</td>
<td>The Agricultural Bank of China</td>
</tr>
<tr>
<td>CBET</td>
<td>The Community-Based Ecotourism</td>
</tr>
<tr>
<td>CCP</td>
<td>The Chinese Communist Party</td>
</tr>
<tr>
<td>CNTA</td>
<td>The China National Tourism Administration</td>
</tr>
<tr>
<td>CREED</td>
<td>China Rural Energy Enterprises Development</td>
</tr>
<tr>
<td>DMSN</td>
<td>The Deqin Meili Snow Mountain National Park Development &amp; Management Co.</td>
</tr>
<tr>
<td>FTAs</td>
<td>Farmer’s Technique Associations</td>
</tr>
<tr>
<td>GEI</td>
<td>The Global Environmental Institute</td>
</tr>
<tr>
<td>GVC</td>
<td>The Green Village Credit</td>
</tr>
<tr>
<td>GWD</td>
<td>The Great Western Development</td>
</tr>
<tr>
<td>HRBA</td>
<td>The Human Right-Based Approach to Development</td>
</tr>
<tr>
<td>ICUN</td>
<td>The World Conservation Unit</td>
</tr>
<tr>
<td>LGOPRD</td>
<td>The State Council’s Leading Group Office of Poverty Reduction and Development</td>
</tr>
<tr>
<td>NGOs</td>
<td>Non-Governmental Organizations</td>
</tr>
<tr>
<td>NPMB</td>
<td>The Pudacuo National Park Management Bureau</td>
</tr>
<tr>
<td>NSCC</td>
<td>New Socialist Countryside Construction</td>
</tr>
<tr>
<td>PNP</td>
<td>The Pudacuo National Park</td>
</tr>
<tr>
<td>RCCs</td>
<td>The Rural Credit Cooperatives</td>
</tr>
<tr>
<td>RMB</td>
<td>The Renminbi, the official currency of the People’s Republic of China</td>
</tr>
<tr>
<td>TNC</td>
<td>The Nature Conservancy</td>
</tr>
</tbody>
</table>
It is common in East-Asian countries to start with their family name and then given name afterwards. For example, Hu Jintao. Hu is family name and Jintao is his given name. Therefore, in this thesis, all names from East-Asian countries are in this order.
Map 1. Yunnan province and north-west of Yunnan 1 (The Three Parallel Rivers)

Study areas: Deqin (Deqen on the map, but Deqin is the right way to transcribe in *pinyin* system), Bingzhongluo, Zhongdian (Shangri-La) in the north-west of Yunnan

Map 2. North-west of Yunnan 2

*pinyin* is the official system to transcribe Chinese characters into the Roman Alphabet.

Source: [http://www.chinadiscover.net/china-tour/yunnanguide/yunnan-map.htm](http://www.chinadiscover.net/china-tour/yunnanguide/yunnan-map.htm)
**I have only found the map of Bingzhongluo in Chinese, so please refer to the Appendix1-the Translation of the Chinese terms for the detail information.

Map 3. Bingzhongluo (丙中洛)

Abstract

Based on the material gathered from two months of fieldwork, this thesis explores the relations between ecotourism and poverty alleviation in the villages within the Three Parallel Rivers of the Yangtze (Jinsha), the Mekong (Lancang) and the Salween (Nu) rivers (henceforth TPR) in north-west Yunnan, China. The purpose of this research is to examine the mechanism of community-based ecotourism activities (horseback riding, nongjiale) and the dynamics of collaboration in maintaining these ecotourism activities, as well as to examine the role of community-based participation to secure and improve people’s livelihoods.

When it comes to conceptualizing ecotourism in the Chinese context, it is indispensable to understand state-led New Socialist Countryside Construction (shehuizhuyi xin nongcun jianshe, hereafter NSCC) which was inspired by the Saemaul Movement (1971-79) and which was led by the dictator Park Chung-Hee in South Korea. In this regard, this paper provides a brief comparison between NSCC and the Saemaul Movement.

Through a case study of the Yubeng village, this paper examines the collaborative mechanisms of managing local residents’ innovative tour programs – horseback riding along the trails – and explores the functions of the self-organized rotating system to secure their livelihoods and improve their standards of living based on an interdisciplinary analysis. As a result of environmental degradation generated by horses, the horseback riding business has been criticized, and indeed threatened due to a governmental decision to expand infrastructure – i.e road construction, and other collaborative and market-oriented interventions.

Another case based on the representative collaborative and market-oriented model – illustrated by the Pudacuo National park, which has been mainly operated by an alliance of stakeholders from both governmental agencies and the tourism industry – will be analyzed based on the impacts upon local residents.

Finally, in order to play an active role in securing and improving their standards of living, it is worthwhile to examine how the Chinese peasants have received loans, especially from microfinance programs, which are designed for the rural poor. This will be depicted by the last case addressed in this thesis – nongjiale (农家乐) in the villages of Bingzhongluo county - which explores the mechanism of a microfinance program and examines to what extent such a microfinance program facilitates rural tourism.
1 Introduction

This thesis focuses on ecotourism as a poverty alleviation strategy for rural China today. Thus, it simultaneously deals with two issues of paramount importance for contemporary China – poverty, and the strategies for its alleviation, and ecology. Below I will explain why and how I got interested in these issues.

1.1 Motivation for the study

My research interest in poverty alleviation in China was strengthened while I delved into the ideologies that stand behind different approaches towards human rights in the People’s Republic of China and the United States of America. I discovered that in China the rights to subsistence precede political and civil rights, such as freedom of speech, in order to ensure national stability. An American researcher on business ethics and human rights in China, Michael A. Santoro points out that “[In China], the rights to subsistence is the most important of all human rights, without which the other rights are out of the question” (Santoro 2000, 130). Since the beginning of the 1990s, the rights to subsistence have frequently emerged in recent Chinese public discourse. The Chinese Communist Party (CCP) considers this right as the most fundamental of all human rights and stresses that it must be prioritized at China’s present stage of development (Svensson 2002, 273).

Apart from the endless debate on the validity of China’s conception of human rights, China’s environmental degradation has also been another main target for those elaborating on China-threat theory. China’s market-driven development strategy, for example, has been denounced as a threat to the environmental and the further development model for developing countries. Indeed, environmental conditions in China have been regarded a serious social problem by both the CCP and international organizations since the 1990s.

Moreover, the CCP has begun to impose several conservation policies in order to reduce environmental degradation in the name of promoting sustainable development. One such policy is the logging ban in Yunnan province that dates from 1999. This ban was put in place

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1China-threat theory is envisioned to warn against China’s development model. Human right’s violations and environmental degradation have been the main targets for the development of this theory. This theory has been popularized due to the fear of the China’s economic rise. The CCP has attempted to defend itself by depicting its growing economic power as “China’s peaceful rise” (d’Hooghe 2007, 90; Glaser and Murphy 2009, 23).
after the massive flooding along the Yangtze River in 1998 because of deforestation started under the Mao period. However, social conflicts have arisen due to the rights to subsistence of local villagers in peril. This is mainly because the timber industry was one of the main sources of income to the many ethnic minorities living in Yunnan, who are among the poorest in China. Thus, it is interesting for me to do research on the dynamic and impact of the government policies on the local villagers. In other words, Chinese policies have to a greater degree supported the rights to subsistence by promoting poverty alleviation, but at the same time the rights to subsistence have been restrained partly due to promoting sustainable development. How do rural villagers cope with securing their livelihoods?

1.2 Background of the study

China’s rural areas have generally experienced a remarkable economic growth since economic reforms were launched in 1978. Despite such economic success, the inequalities in distribution within the remaining ‘poverty-stricken population’ in China’s central and western regions, especially the ecologically vulnerable areas, are still an ongoing problem for the CCP. Tourism development in China contributed to earning foreign currency when Deng Xiaoping promoted the ‘coast-led strategy’. In order to reduce the significant regional gap, Jiang Zemin proclaimed in 1995 a shift of state focus from eastern coastal areas to the poor western inland regions (Leksakundilok 2004, 21).

Tourism development in western areas has helped these parts of the country to catch up with the conditions of richer coastal areas in China (Wen and Clement 2001, 42-45). Yunnan province, for example, benefited from the state-led “the Tea and Horse Caravan Road Journey” in Western China. Nevertheless, such development of tourism has itself generated environmental side effects. The impoverished local people, living in such ecologically

---

2 Deng Xiaoping decided to develop the ‘high-growth take-off’ coastal areas first, and expected that these coastal areas could bring ‘trickle-down effect’ to inland China. Shenzhen was for example designated as one of the four “special economic zone” in 1979 and was transformed from “the sleepy fishing village” to “high-tech and export dynamo” (Wright 2003, 52)

3 In Yunnan province, for example, Cha ma gu dao – The Ancient Tea Horse Road (The Tea and Horse Caravan Road) in Lijiang (north-west Yunnan) is one of tourist attractions. “While modernization undermined this historic route’s commercial significance, the Tea and Horse Caravan Road is now attracting attention due to the growth of tourism in southwest China. One reason is the ethnic and cultural diversity of the region. There are more than twenty different ethnic groups to be found along the route. Some famous old towns and villages which once were key stations and markets of the Tea and Horse Caravan Road have been listed among the most important international sites for historic preservation … For example, the Lijiang, where the Naxi people form the majority of inhabitants, was been designated as a world cultural heritage site by UNESCO in 1997” (Yang 2004).
vulnerable areas face, for example, a serious scarcity of natural resources due to the excessive exploitation that has aggravated environmental deterioration. The researchers at the Center for Environment and Development, at the Chinese Academy of Social Science, Zheng Yuxin and Qian Yihong argue that this environmental backwardness and lack of natural resources has lead to the spread of poverty, whilst poverty, in turn, accelerates the deterioration of local ecosystems (Zheng and Qian 2004, 27-29). The majority of the income generated through tourism business is given to governmental agencies and private enterprises. The local populations are somewhat financially marginalized (Leksakundilok 2004, 26).

Taking such a vicious cycle of ‘poverty-environment deterioration’ and the serious air and water pollution into consideration, especially in south-western areas of China such as Yunnan, the CCP has promoted several sustainable development (kechixu fazhan) strategies since the 1990s, including ecotourism (shengtai lüyou), ecological agriculture (shengtai nongye), alternative energy (tidai nengyuan), and most recently leisure agriculture (xiuxian nongye). In this regard, it is important to note that Yunnan province per se has abundant natural resources and enjoys a rich biodiversity, compared to other places in middle and western areas of China. However, the establishment of large-scale natural reserves within Yunnan (and other south-western areas of China) has aggravated massive displacement and economic disenfranchisement of the local population. Over 75% of the total size of China’s natural reserves is found in western China (including Yunnan). There are 16 national-level nature reserves and 52 provincial-level nature reserves in Yunnan alone.

Due to the strict regulations within the core and buffer zones4 of the natural reserves, local residents have limited access to natural resources. The main operator of natural reserves, the local government5, faces the financial burden of the reserve maintenance. The local population that used to make a living by tree-logging, cultivation of mushrooms, and traditional Chinese medicinal herbs, has been forced to alter their traditional way of life. Since

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4According to regulations of the People Republic of China, the natural reserves are divided into a core zone, buffer zone and experimental zone. (Article 18) "Areas with eco-system or concentration areas of precious and endangered wild fauna and flora species that are intact shall be listed as a core zone, where no agency or individual is allowed to tread. Apart from situations approved by Article 27 of this regulation, no scientific research activity is permitted in these areas. Scientific research activity can only be conducted in the buffer zone, located outside the core zone. Outside the buffer zone is the experimental zone where activities, such as scientific experiments, teaching practice, visits and surveys, domestication and breeding of precious and endangered wild fauna and flora species, are allowed." (http://www1.chinaculture.org/library/2008-01/07/content_21464_3.htm accessed 28 Sep, 2010 )

5Except for 226 national-level nature reserves, established by the central government, nearly 90% of nature reserves are managed by local government (Luo and Zheng 2008, 131).
the promulgation of promoting sustainable development in China, the limitation of natural capital due to imposing the strict forestry conservation policies has been a threat for local residents whose livelihoods have heavily relied on natural resources. Moreover, allocation of natural resources has been slanted to the affluent coastal regions due to the comparative advantage of resource consumption (Büsgen 2006, 18).

The national parks and biosphere models, for example, have become an alternative solution for a combination of nature conservation and improvement of the conditions of local residents thanks to fiscal support from the central government and due to local governments’ desire to win prestige. The local communities have to some extent access to natural resources in the process of promoting ecotourism.

A lot of sites that carry out ecotourism in Yunnan are located in the countryside (either in very remote areas or in areas of high altitude). In this regard, I will focus on the poverty caused by geographical and ecological conditions among the different types of poverty. In terms of reducing poverty in this case, the Chinese government has recently promoted the expansion of infrastructure through developing a sustainable tourism in these areas. Nowadays, the roads from Shangri-La to Deqin, among Deqin’s small villages are under construction, and paving roads are supposed to be completed around June, 2011 (express buses go to these destinations two times a week, and are struggling with heavy traffic jams).

The community-based ecotourism has been proposed as a new, effective tool for poverty alleviation under the state-led New Socialist Countryside Construction (shehuizhuyi xinnongcun jianshe) (NSCC) in the 11th Five Year Plan regarding People’s Economy and Social Development in 2006 to be implemented in western China (Lee 2006). This agenda mainly aimed at “enhanced productive forces (shengchan fazhan), higher living standards (shenghuo kuanyu), civilized lifestyle (xiangfeng wenming), an orderly and clean environment (cunrong zhengjie) and democratic administration (guanli minzhu)” (Liu and Wang 2010). The primary purpose of the community-based ecotourism is to maximize local participation,

---

6From the historic perspective, community in China was based on a patrilineal kinship network, where an extended family lived proximately within a geographic area and cared for each other whenever the members needed help. The China’s Ministry of Civil Affairs officially proclaimed the definition of community from the geographical perspective in 1994 as following: the lowest political administrative unit. Qingwen Xu, Douglas D. Perkins and Julian Chun-Chow point out that “In each unit, Chinese laws have established that the leading organization is the semi-governmental, but self-governing by law, Urban Residents’ Committee or Rural Villagers’ Committee” (Xu, Perkins, and Chun-Chung Chow 2010, 261). In this regard, Xu, Perkins and Chun-Chow regard a community is equitable with a geographic urban neighborhood or rural village (Ibid., 262).
to provide more rooms for local autonomy and to emphasize the re-education of local residents.

All in all, in order to explain the background of my work, I need first to give a brief overview about how Yunnan province became a place to promote community-based ecotourism as a tool for poverty alleviation. Tourism as a business model has been flourishing in Yunnan, but it has brought also negative consequences for the environment and marginalized the interests of local people. In this regard, the adoption of the ecotourism method was decided on the basis of the connection between poverty and environmental degradation, and attempted to secure the interests of local people through facilitating local participation.

However, it is important to note that ecotourism has not played a major role in reducing poverty, and “normal” tourism still takes a much larger part of the tourism business in Yunnan province. Therefore, the main focus of this thesis is not to measure to what extent ecotourism activities can serve poverty alleviation in Yunnan province. The focus rather lies in how local villagers perceive the impact of ecotourism programs and how they think ecotourism programs contribute to safeguard their livelihoods and improve their standards of living. In the next section, I will introduce my research questions in detail.

1.3 Presentation of research questions

The main research question is: To what extent does community-based ecotourism contribute to securing people’s livelihoods and improving local standards of living in rural poverty-stricken areas around Three Parallel Rivers (sanjiang bingliu)? In connection with the main question, I will also examine the following additional questions.

1 How do local residents manage community-based ecotourism? How do they collaborate with NGOs and the state to cope with technical and environmental challenges in order to secure their livelihoods? What are the limitations of promoting this approach?
2 How does the state-run ecotourism model influence local involvement by increasing community-based participation?
3 How do nongjiale (rural tourism) operators take advantage of microfinance loans

\footnote{Nongjiale is a vernacular term of typical rural tourism and literally refers to places where you can “enjoy yourself in farmers’ families.” Nongjiale is sometimes translated into “agritourism.” According to the interview with three head officers at Ministry of Agriculture in Lijiang, xiuxian nongye (Leisure Agriculture) embraces the}
and financial aid from local governments and how does the development of *nongjiale* play a role in improving local standards of living?

Regarding sustainable development projects, this thesis aims to focus on the impacts of ecotourism. Other sustainable development projects, such as Chinese rural tourism (*nongjiale*), and alternative energy will be addressed as functions these projects deploy to bolster community-based ecotourism. Several researchers on ecotourism argue that the management system, (including the ethnic component of ecotourism) is one of the main elements leading to the success or failure of ecotourism (Leksakundilok 2004; Sun and He 2009). The Three Parallel Rivers World Heritage Site (hereafter TPR) in Yunnan is an appropriate place to do research for the following reasons:

1) The Nature Conservancy (TNC)\(^8\) and the UNESCO World Heritage Centre (WHC) agreed to collaborate in order to promote sustainable tourism in terms of establishing capacity for tourism management and helping local communities to benefit from tourism in 2006.

2) It is one of the Chinese frontier regions which are composed of eight clusters of largely mountain protected areas in north-west Yunnan where the Tibetan plateau bends south, breaking into steep glaciated chains running north-south, between the 2,000m deep gorges of the upper Yangtze (Jinsha), Mekong (Lancang) and Salween (Nu) rivers, which run parallel for over 300 km. Because this site was classified as a protected area by a UNESCO committee, it has been highlighted more to implement a number of international projects associated with promoting sustainable development.

3) It is one of designated regions of the CCP to combat poverty.\(^9\)

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\(^8\)The Nature Conservancy (TNC) is an international conservation organization. In this decade, TNC has established some on-the-ground conservation demonstration projects initially in Yunnan and then in Guangxi, Shanghai, Beijing, Sichuan, Inner Mongolia and Qinghai provinces. Ralph Litzinger evaluates TNC as the United States’ most wealthy environmental NGO. For more information: [http://www.nature.org/china](http://www.nature.org/china)

\(^9\)“Yunnan province remained one of the poorest provinces in China, ranked 26\(^{th}\) of 30 in the Human Development Index. Yunnan also accounts for 73 (12\%) of the 592 counties designated as poor by the central government, i.e., having per capita incomes below the national poverty line of CNY 825 (about $99.64) per year. Based on the official definition of rural poverty, more than 4 million people in Yunnan have an annual income below CNY 625 ($75.48). An additional 6 million people do not have a steady supply of food and clothing, or shelter (Spencer, Watson and Zhou 2006).
4) There are rich biodiversity and cultural elements from many ethnic minorities, accounting for one third of the total population. Based on the cultures of ethnic minorities, ethnic tourism has been flourishing through the commercialization of ethnic cultures.

5) Environmental degradation is a primary issue affecting livelihoods.

1.4 Theoretical framework

The major purpose of this MA thesis is to examine the mechanism of community-based ecotourism activities (horseback riding, nongjiale) and the dynamics of collaboration to maintain these ecotourism activities, and examine the role of community-based participation to secure and improve people’s livelihoods. Moreover, this analysis of the impacts on ecotourism is highly based on the role of local residents. To examine the above-mentioned questions, the roles and meanings of community-based participation in the Chinese setting need to be introduced. In this regard, this section clarifies the concept of social capital as a core of community participation, and further conceptualizes the meanings of community participation in the Chinese setting by introducing the concept of corporatism.

Wu Bin’s research (a senior Chinese researcher in the China Policy Institute) on sustainable development in rural China, based on the analysis of the Loess Plateau of the Shaanxi province, guided me to explore by what mechanisms the local poor collaborate with external actors to secure their livelihoods, and to improve their standards of living.

Wu Bin uses the terms of farmer innovation\(^{10}\) and self-organization to examine such local mechanisms to cope with the challenges from the marginal areas\(^{11}\) of China. According to Wu Bin, farmer innovation mostly refers to “all farmer activities related to learning, adopting, spreading and sharing new technologies (processes, methods, seeds, crops, and production factors), knowledge (experience, skills, know-how) and production style” (Wu 2003, 4).

\(^{10}\)Farmer innovation has been a popular topic in the field of development studies. Ian Scoones, John Thompson and Robert Chambers (2009) have recently edited a book regarding this topic: Farmer First Revisited: Innovation for Agricultural Research and Development. Wu Bin had the initiative to apply this for analysis of sustainable development in rural China.

\(^{11}\)According to Wu Bin, marginal areas do not equate with poor areas. He argues that marginal areas embrace a combination of economic and ecological dimensions which to a high degree generate ‘the complexity of rural environment and development. Poor areas are politically designated by government poverty alleviation policy, which do not mainly concern such combination of economic and ecological dimensions. In comparison to ‘non-poor areas’, the term poor areas does not explain a sub-division system to address economic and environmental change (Wu 2003, 5).
Farmer innovation stresses “the nature of farmer’s decision, control and management of technology choice and processes, although the source of new technologies may not necessarily come from the farmers themselves.” The term self-organization refers to all organizational types, formats, processes or mechanisms used by farmers for purposes of technology learning and co-operation in production, as distinct from externally controlled agricultural extension organization, [and formal organizations, such as TVEs (Township and Village Enterprise), and FTAs (Farmer’s Technique Associations), which have been implemented in resource-rich regions]” (Wu 2003, 24). He points out that the neo-populist approach\(^\text{12}\) focuses on “the validity of the indigenous knowledge system, which contributes to making it possible to apply for participatory research for the sake of promoting equal communication and collaboration between the farmers and professionals” (Wu 2003, 23). His theoretical framework is to a certain degree inspired by the neo-populist approach, but he differentiates his research framework from the neo-populist by addressing the deficiency of the neo-populist approach. He does not believe that “the majority of the poor have little chance to communicate with professionals and whose decision-making is seriously constrained by limited information and infrastructure” (Ibid.).

Chambers and Conway (1992) introduced an integrated approach: sustainable rural livelihoods and Wu developed this approach to examine to what extent sustainable development contributes to enhancing the local standards of living in the complex and diverse Chinese rural context. Wu argues that rural poverty can be relieved in the balance of five capitals (Wu 2003,10):

1) Natural capital: various natural resources or processes that can be used for food, wood, clean water, recreation and leisure.

2) Social capital: trust, reciprocity and obligation, norms and sanctions that encourage people working together.

3) Human capital: related to individual capability, health, nutrition, education, skills and knowledge.

4) Physical capital: refers to local infrastructure, road and irrigation systems, farm machines.

\(^{12}\) The neo-populist approach argues that small-scale, diverse, traditional technology and farmer participation have positively influenced rural development. Its approach is based on the belief that not only is the family farming system supposed to be more efficient, compared with that of bigger farms, but most rural people in the developing world depended on small farms to survive (Wu 2003, 8, 19).
5) Financial capital: refers to saving, credit and subsidies.

Wu argues that social capital is a driving force of farmer innovation and self-organization. The concept of social capital emphasizes ‘the role of farmer cohesion and co-operation’ in reinforcing their innovative capacities. He defines the concept of social capital as the following: “Social capital is a capacity of the poor working together to cope with common challenges from unfavorable environments, and to use and share knowledge and skills for resource and production management” (Wu 2003, 29). Bourdieu’s conception of social capital on the other hand is that powerful elites and the middle classes gain from access to social networks and this enables them to mobilize resources to maintain domination over less privileged people.

However, Wu’s formulation of social capital pays much more attention to the collective driving force of the poor that makes them overcome challenges. It seems that Wu has developed his idea of social capital from US social capital theorists who see social capital as an instrument of empowerment, rather than power domination. On the one hand, the research outcome of social capital as predictors of local political participation in China, conducted by Xu, Perkins and Chow (2010) gave a vital clue to support Wu’s approach. This research reveals that “rural social capital is more psychological than structural in that rural Chinese have very trusting interpersonal relationships.” On the other hand, a political scientist Robert D. Putnam developed Bourdieu’s concept and addressed that social capital theory posits that community organizations, voluntary associations and other local resident groups and individuals create collective goals that contribute to organizing norms of reciprocity through active participation in one’s community (Perkins at al. 2010, 261, Putnam 1993).

If one understands therefore Putnam’s concept of social capital from Wu’s formulation, it will probably go something like the following: collective goals of community organizations and groups have a secure capacity to facilitate (with the use of their own hands) technological innovation as a result of norms of reciprocity through encouraged community-participation.

In this regard, social capital plays a vital role in enhancing local community participation. The

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13When it comes to social capital, it is common to cite Pierre Bourdieu’s definition in the social sciences: social capital in The Forms of Capital (1986). “Social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition” (http://www.marxists.org/reference/subject/philosophy/works/fr/bourdieu-forms-capital.htm accessed 19 Februar, 2011).
prevailing concept of community participation in the West is often embedded into political
decision-making.

However, in the Chinese context, the achievement of increasing community participation does
not necessarily mean any involvement in social service programs or to participate in
community decision-making and local politics (Perkins at al. 2010, 271). A specialist on
China's domestic politics and international relations, focusing on environmental governance,
Katherine Morton, points out that community participation has been a ‘buzzword’ for
domestic and international environmental NGOs in China, and it attempts to safeguard the
representation of local interests rather than to achieve politically improved democratic
governance. Indeed, enhancing community participation has been supported by the CCP in
order to facilitate the public involvement in environmental protection effects as an official
principle tool of poverty alleviation since the end of 1990s (Morton 2008, 196-199).

Community-based mass participation is an important rhetorical discourse in the Chinese
setting, and is related to the corporatist characteristics of China’s socio-political system, as
has been explained, among other scholars, by Jonathan Unger and Anita Chan.

Unger and Chan expected that the consequent weakening of the state’s political influence
would indicate a gradual shift into “societal corporatism rather than the introduction of any
form of political democracy” (Unger and Chan 1993, 50). They point out that “corporatism
usually involves more than just a working relationship between the state and the associations
representing interest groups…[W]ithin such a corporatist framework, the state does not
attempt to dominate directly. It leaves some degree of autonomy to the organizations within
each of their respective spheres of operation” (Unger and Chan 1993, 30). Corporatism is a
term that used to have a great variety of meanings dating from the late 19th century in
sociology. Here it refers to the system in which the party dominates the society by controlling
mass-organizations, and conducting pro-active social policy.

The environmental NGOs have played a crucial role in mediating between the local and
central governments and the local villagers in such corporatist systems. In this regard, this
paper examines the management system of local initiatives in self-governing tourism
activities, which environmental NGOs serve to strengthen the connection between the local
villagers and the local governments. It is important to note that my analysis focuses rather on
the dynamics, and effectiveness of local tourism management through community
participation to improve their standards of living, rather than accessing the role of environmental NGO as a mediator.

Taking into consideration the constraints and deficiencies that the local poor confront, I will analyze the data in chapters 3, 4 and 5 on the basis of the function of local community participation as an effective tool of safeguarding the interests of local villagers, and the impacts on Chinese “Leftist” authoritarian corporatism, which refers to a undemocratic system, but attempts to embrace the unprivileged local residents with a considerable amount of governmental subsidies (Wiarda and Skelley 2007).

To sum up, the concept of social capital as an analytic tool for this thesis is mainly based on Wu Bin’s formulation. According to Wu Bin, social capital works to strengthen local empowerment in coping with challenges through community participation. Unlike most western countries, the meaning of promoting community-participation in China does not necessary imply the sign of democratic governance. It rather indicates the mechanism of safeguarding local interests in a corporatist system. Moreover, the environmental NGOs play a significant role in forging connections between the local villagers and governments in the corporatist system.

1.5 Methodical reflections

1.5.1 Getting contact with the informants

As I focused on various kinds of ecotourism projects, I decided to have interviews with both the experts of these fields and the local residents who live in the relatively poor areas where many sustainable developments have been carried out. In order to save valuable time, I had contact with many experts beforehand. During the first week after I arrived in Kunming (the capital city of the Yunnan province), I tried to do my best to build up my contact network. Mette Halskov Hansen argues that it will be plausible to combine the official approach and research permission with unofficial ‘part-time participant observation’ because of the political restrictions in China (Hansen 2006, 93). In my case, I did not apply for a special visa for the research, but I managed to combine both the official approach and unofficial approach.

The combination was possible because I got permission to accompany 16 Swedish teachers who had an official visit to Yuanyang and Yuxi (the south-east of Yunnan province) for
examining education for sustainable development (from 13 September, 2010 to 29 September, 2010). Six Chinese teachers from Kunming and two Chinese group leaders could speak both Mandarin Chinese and English accompanied this Swedish official trip. As they were willing to help me with language problems, I did not need to hire an interpreter and it was even relatively easy to establish contact with governmental officers with their help.

After the Swedish field trip, I decided to go to some places in the north-west of Yunnan province since the majority of ecotourism projects have been carried out there. While staying in several places, I met either the Chinese tourists or researchers who were willing to help me with my interviews. Some of them either took notes in Chinese while I performed the interviews with local people or clarified what my informants had said in Mandarin Chinese (most of my informants used their own dialects).

When I stayed in Lijiang, I made a good decision to contact a director of Foreign and Overseas Chinese Affairs Office in the Lijiang Municipality. With warm hospitality, he tried to do his best to build possible contacts in Lijiang. The reason why he was so hospitable to me was probably because he strove to treat foreign guests well to promote a good image of China. He contributed to arranging the meetings with a governmental tourism bureau, and a manager of Laojun Mountain National Park and some experts at the Ministry of Agriculture. One woman, working at his office, accompanied all meetings and made a note in Chinese afterwards. Moreover, I was lucky to meet a MA graduate student of anthropology in Yunnan University. As he is familiar with Bingzhongluo, Gongshan area (north-west of Yunnan, near the Nu-river (Nujiang)), he made it easier for me to visit many villages near Bingzhongluo, and even to meet governmental officers in Gongshan.

1.5.2 The roles of “gatekeepers”

Many social anthologists, including Katrine Fangen use the term, “gatekeeper” (gateways). In the field of social anthropology it usually refers to a person who has a central role in the field of one particular study, and helps to build more contacts to get access to more information (Fangen 2010, 67). I had three persons who served as my gatekeepers. I will summarize the roles of my gatekeepers, based on the benefits and drawbacks I encountered using them.

Mr. Jiang, a Chinese group leader and program coordinator for the Swedish teachers’ official visit to the Yuanyang county to examine “Education for Sustainable Development” in
Yunnan, was dispatched from Yunnan Federation of Social Science and had worked as a vice-governor in Yuanyang from 2002 to 2003. Even though he finished his job in this area, he had kept in contact with local villagers and local governmental officers. He was willing to be one of my informants and at the same time wanted to introduce the local villagers and local governmental officers. He emphasized that I should carefully use the information I got, so that no one could misuse the information in order to make a bad image of the Yunnan province. He explained to me his understanding of ecotourism in the Chinese context. However, when he explained it in detail, I noticed that he was actually telling me his wishes: the development model of tourism in Yuanyang should be ecotourism.

Jiang gave me the chance to meet local cadres, local teachers, students and villagers in my Yuanyang trip. It was a valuable experience to exercise my observation and interview skills before I went to north-west Yunnan, and to understand rural living condition. After the end of Swedish official trip, moreover, he called several tourism researchers in Kunming to ask them whether they could meet me. Thanks to his help, I could manage to interview an ecotourism expert, Professor Ye Wen when I came back to Kunming.

However, the drawback was that Jiang sometimes wanted to get involved in the interviews and gave me his opinions instead of helping me to interpret from the local dialect to either English or standard Mandarin Chinese when he accompanied me to meet the local informants that he introduced.

My second “gatekeeper” was Li Guowu, a director in the Foreign & Overseas Chinese Affairs Office at The People’s Government of Lijiang Municipality. Li was very supportive to me probably because of his role of promoting a good image of China for foreign guests, but it also seemed that he had a good image of South Korea from his previous visits. When I interviewed him in his office, I was surprised at how quick a meeting with the director of the governmental tourism bureau could be arranged. Li thought that the director of governmental tourism bureau probably could answer some of my questions, so Li called him. 10 minutes after Li called him, he stopped by Li’s office to be interviewed by me. Even though Li said that it was possible for the director to come there that day because he had a meeting nearby Li’s office, it seemed to me that Li is somewhat of a powerful person.

Li also facilitated me in meeting the director of the governmental tourism bureau, experts in the field of leisure agriculture at Ministry of Agriculture in Lijiang, and Lijiang Laojun Mountain National Park (Laojunshan guojia gongyuan) manager by using this wide social
network. Moreover, I could minimize my language barrier to understand the heavy Lijiang dialect since Li asked one of his staff, Miss He to accompany me to help my interview.

However, the meetings with other governmental officers from the Ministry of Forestry could not be fulfilled without him because they would not have talked to me without him, as was proven when he was away on a business trip to Beijing. In other words, his presence was necessary to conduct interviews with governmental officers.

My third “gatekeeper” was Sun Fei, a graduate student in the School of Anthropology at Yunnan University. I met him in Yubeng village when I took a rest with some Western tourists. After I introduced my research questions and field-work, he recommended me to go to Bingzhongluo. Going to Bingzhongluo was never in my plans and it was an unfamiliar place that I had not read about before I left for China. Since Sun had done his fieldwork here for six months, he was quite familiar with Bingzhongluo and local villagers, and this was a lot of help for me for several reasons.

Not only did I feel safe when he accompanied me, but it was also possible to save time to meet all the informants. Sun introduced me to local villagers as one of his students (not from the University of Oslo) who came from South Korea. They seemed to be relaxed, and were willing to share their experience with me. Moreover, thanks to him, I avoided to a large extent two forms of bias associated with a research on rural development tourism - ‘a spatial bias’ (researchers stick near tarmac, urban areas and roads), and ‘a person bias’ (researchers speak overwhelmingly with ‘elites’, men, users or adopters, with those who are active, present and living) (Sanders 2000, 87). Even though I had a time limit, I managed to talk with several ‘normal’ local villagers who lived in the remote areas.

However, his knowledge about these villages was not always helpful to get access to the relevant information. It was tricky to avoid him losing face and still get the information I needed. For example, when I asked one Tibetan woman how she and her husband managed to use biogas (they were the only household who managed to use biogas in Jiasheng-village), Sun said that it was not necessary to ask her this question because he knew the answer. I knew that it was worth asking again for the sake of checking credibility of data. Tove Thagaard, a professor at the Department of Sociology and Social Geography at University of Oslo stresses, in this concern, the significant task of the researcher to divide the information into two categories: summary of the interview materials and the researcher’s own or other persons’ comments. However, it was not easy to manage this because if I had asked her this question,
Sun would believe that I did not trust him. I asked her the question when Sun talked with an old man who came to her home (Thagaard 2003, 170). Moreover, I sometimes felt an outsider because Sun knew them quite well, but in this case I just tried to listen to their talk. It is important to note that it was difficult to have in depth interviews because many local villagers I met were actually busy with doing either housework or daily chores. Most of the interviews have been done spontaneously.

To sum up, it was relatively easy for me to access information thanks to several Chinese gatekeepers. ‘Having or maintaining good relations (guanxi)’ was a main driving force to make it possible to get more information. The first gatekeeper, Mr. Jiang emphasizes the careful usage of information in order not to tarnish the image of the Yunnan province. He contributed to building contacts for me, and was fully interested in my fieldwork. However, his deep concern of how China could successfully conduct ecotourism programs sometimes hampered getting access to information from the informants. Due to his role as a director at the Foreign Affairs office, the second gatekeeper, Mr. Li, made it possible for me to have contact with several Chinese experts, and a governmental officer. However, when a signal from his socio-political network, became weaker in Lijiang due to a business trip, I could not meet any governmental officers anymore. The third gatekeeper, Sun guided me to several villages, and thus I could get in contact with many local villagers in a short time. However, his previous knowledge from fieldwork and ‘well-established’ acquaintance hindered the access to the information from the local informants.

1.5.3 Language, identity and power balance

Language
My oral tempo in standard Mandarin Chinese (hereafter Chinese) is slower than normal Chinese people. However, I could easily catch the main points when I read academic text or newspapers in Chinese without a dictionary. Before I came to the Yunnan province, I planned to hire an interpreter to make up for the language barrier. However, it was difficult to know when my potential informants had time beforehand, and it was not easy to find an interpreter to accompany me to go to the rural, remote areas. If there was someone who was willing to accompany me, it could be quite expensive for me.
However, it turned out that my oral Chinese was good enough to allow me to communicate quite well with most Chinese informants who preferred to speak Chinese than English. It was mainly because my listening skills were much better than oral Chinese since I could guess many Chinese words in the context. It was not so difficult for me to guess the meanings because many Korean academic terms have been borrowed from Chinese terms. Moreover, it was not necessary to get help from the interpreter since I had received language assistance from Chinese people. They helped me to take notes in Chinese while I conducted interviews. By comparing my notes with their Chinese notes, I found out not only which information I was missing, but it also contributed to not interrupting the interview. In this concern, I will first demonstrate my language strategy in the fieldwork, and address one example from the field research how I coped with the drawbacks of the language assistance.

While conducting my interviews with local people, I did not ask directly how such sustainable projects enhance their local participation. I would rather ask them about the impacts of these sustainable projects, and listen to their opinions concerning these projects. I noticed that they were more willing to share their stories with me when I asked them about the difficulties they were facing in terms of participating in these sustainable projects. Moreover, I asked the same questions to different local people in order to check the credibility of the information I received. In this process, as Katrine Fangen points out in her book, *Deltagende Observasjon* (Participants’ Observation), I used the expressions such as “It seems that few villagers know about how to deal with biogas, what do you think about the impacts of biogas in your household?” instead of saying that XXX said that he was really not satisfied with using biogas, because he said that he does not know how to deal with it. Fangen argues that it is best to avoid the situation in which a researcher seems to spread gossip (Fangen 2010, 173-174).

When I asked two women in the Yuanyang county a question concerning ecotourism-related education in Yuanyang, I asked another Chinese program coordinator, Yang, to help me to interpret their answers. Yang would help me to interpret their local dialects into either English or Standard Chinese. However, it turned out that Yang did not interpret directly what these two women said. Yang reinterpreted their talking by putting his own opinions in terms of tourism development in Yuanyang. These two women indeed said that they were very badly educated, so they were not aware of several terms like “ecotourism” and “ecological agriculture.” Nevertheless, I reminded Yang of his role during the interview. Since it was not a well-organized interview, (I did not have an appointment with these two women and I had not asked Yang to help me as an interpreter in advance because I did not expect that I could
contact them), it was challenging to deal with my informants who were not so open to talk with me. I had to change the direction of the questionnaire because they did not know the concept of ecotourism, so it was impossible to ask them about the impacts of the ecotourism-related education. I said to these two women that it was not so important whether they knew these concepts and told them that I would like to listen to their personal opinions with regard to social changes in the aftermath of tourism development. And then they started to talk to me more about their personal opinions. In the field of social anthropology, it is important to avoid putting the information into the “fixed” frame in order to figure out what in the society actually works. In this regard I asked my informants their personal opinions based on their experience instead of “forcing” them to answer my “formulated” questions based on my prior reading.

Identity
When I was on the way to the small villages in the Deqin area, I met one Chinese girl who spent her holidays with her uncle. Whenever she wanted to accompany me during the interview, I asked her to take notes in Chinese. Her companionship sometimes worked as a cover, and people/informants we met often perceived me as a tourist like her. In addition, I think that my personal background – as a native Korean, played a significant role in building trust, contributing to eliciting anything beyond the stock response. When I stayed in Lijiang, a woman who worked in the Foreign & Overseas Chinese Affairs Office helped me to arrange the meetings with both agriculture experts and the Lijiang Laojun Mountain National Park (Laojunshan guojia gongyuan) manager in advance. She said to me that I am the first Korean woman she met and that she was happy to get to know me as she was fond of Korean soap operas and songs. I believe that it is mainly because Korean, or Korea in general, has not been regarded as a threatening ethnic group or nation, and many Chinese in general have a positive image of Korean culture after the considerable cultural influx from South Korea (Hanliu)\(^\text{14}\). The Korean peninsula had been a traditional tributary state, and nowadays has

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\(^{14}\)“The term [hanliu], or "Korea Wave," was apparently first used in the mainland China around 1999 to refer to the explosive growth in popularity of Korean films, television programs, pop music, and fashions in that country. … It has often been argued that a combination of up-to-date style and slick production values with "Confucian" or "traditional East Asian" cultural norms resonated within the region. Thus, for example, Korean TV dramas set in contemporary Seoul showed a sophisticated urban lifestyle while focusing on family values and relationships, something to which an aspiring Chinese middle class could relate and wished to emulate.” [http://www.koreaherald.com/specialreport/Detail.jsp?newsMLId=2008020500030](http://www.koreaherald.com/specialreport/Detail.jsp?newsMLId=2008020500030) (accessed 23 May, 2011). However, it is important to note that the term – anti-hanliu (反韩流 or 抗韩流) also exists, and the CCP started to impose the import restriction of Korean cultural contents. Nowadays, there has been a lull in the popularity of Korean culture ( Yun 2008/2009, 127-128).
been an important part of China’s economic sphere. However, I do not intend to say that other foreigners would have less easy access to information than Koreans. Rather, I point out that most Chinese informants were familiar with Korean popular culture, and liked it, so it was easier for me to contact with them.

**Power balance**

Many anthropologists, including Rosalie Wax argue that fieldwork is a form of “re-socialization”: one becomes like a child for the sake of learning a new social structure again (Nielsen and Brottvæit 1996, 191). When I had an interview with a local Hani minority man who was in charge of cleaning, cooking and registration for tourists with his Yi minority wife in the guesthouse, I tried to listen carefully and acted like I had no knowledge of Yuanyang. This local Hani man said to me that the real tourists were supposed to have an attitude to learn from the different cultures just like I did, and he said that several years ago, a Japanese professor asked several questions concerning how the Hani-minority live in Yuanyang. It seemed that the Hani-man appreciated my interests of Hani and Yi minorities and my curiosity led him to share his ideas in relation to the management of the guesthouse, the daily life and the terrace fields.

The agriculture experts were concerned about my research questions, and they advised me to narrow them down. It seemed that they thought I was not familiar with their jargon such as “leisure agriculture” (休闲农业) which is why they tried to give me a lesson during the interview. I felt like I became their student, but I received a large amount of information I would not have gotten to know if I had not met them.

### 1.5.4 Ethics

**Approved information and confidentiality**

Katrine Fangen points out that it is called an ethical assessment if one reflects upon differences between one’s own social structure/code and the informants’ structure. Fangen points out as well there are two principles: “approved information” and “confidentiality” when one comes to discuss ethical problems. She argues that it is very important to give information about the research questions for the informants, but one never gives a full picture of what the research is about because one cannot know in detail how one will interpret the
materials afterwards (Fangen 2010, 191). In most cases, I told my informants the brief self-introduction and the research questions and the rights of the informants and my duty as a researcher. It seemed that most Chinese did not care about anonymity of their personal information. For me, it looked like they regarded my explanation of “approved information” as a way of showing respect for them.

However, some Chinese governmental workers, including Jiang, emphasized that they did care about my (re)interpretation of materials and hoped that no one could misuse my MA thesis to tarnish China. I agree with social anthropologists in terms of the importance of “approved information”, but it was almost impossible to tell all of the people I met the introduction of my research questions and purpose of my stay. When I was sitting in the mini-van with two Chinese tourists, for example, I acted as if I were a Chinese tourist like them. The private driver began to tell us about the corruption when getting a drivers license in his village. In the aftermath of developing tourism in his village, many villagers have wanted to work as mini-van drivers (public transportation was very poor in his village) and some of them bought their driver licenses. At that time, I was just listening to the talk between the driver and a Chinese tourist. Fangen indeed argues that researchers have good reasons not to tell their identities in case that it leads to revealing corruption (Fangen 2010, 202).

1.5.5 Critique of the sources

**Primary sources**

The study is based on materials from two months of fieldwork. They include fieldwork notes, interview materials and governmental statistics, local newspapers and TNC’s annual reports.

I conducted my fieldwork for almost two months in 10 local villages in both the north-west and southeast of the Yunnan province. However, local villages in north-west of Yunnan account for 70%, while those in southwest of Yunnan account for only 30% since my research focus lies in north-west Yunnan surrounding TPR. I conducted 16 in-depth formal, semi-structured interviews with governmental officers, the TNC managers, and academic researchers. In the research destinations, mostly rural areas, I was in ten villages and conducted informal interviews with at least two persons, in other words, at least twenty villagers.
In this regard, it was inevitable to face the well-known problems related to credibility and validity of the materials relying on a limited number of informants. Especially when I got the information from a governmental official and a guesthouse manager in relation to why most local people went to different places to work in Yuanyang, I realized that the information from the governmental officer was not consistent with that from the guesthouse manager. However, I did not have enough time to ask more governmental officers and villagers because I had to leave this village with the Swedish teachers. Kevin J. O’ Brien argues that it is thus significant to compare primary sources with secondary materials. In this process, the researchers can revise their understandings of what they were studying (O’Brien 2006, 32-33). Indeed, I have received several secondary sources in Chinese from either my informants or “gatekeepers” and some of them I bought in bookstores, so it was possible for me to make up for the weak points of fieldwork notes by comparing with these secondary materials.

Nevertheless, it is important to note that anthropological interviews are not first and foremost conducted to discover some facts or hidden truth. The main purpose of the analysis of interview materials is to reveal how people think and react about the issue the researcher raises. In this concern, the role of researcher is to analyze perceptions about information through interviews. Other secondary sources can be used to contextualize these perceptions. In other words, my interdisciplinary analysis focuses more on how local villagers perceive the impact of ecotourism programs and how they think ecotourism programs/activities serve to safeguard their livelihoods and improve their standards of living, rather than to evaluate and to measure to what extent such ecotourism activities can directly and indirectly alleviate poverty in these villages. Many Chinese researchers solely used the income growth as a criteria of improvement of local standards of living, but is it the proper/ultimate way of measuring poverty alleviation?

In the end, I address the limitation of my primary sources in terms of transparency. Many researchers argue in relation to this that it is necessary to separate collected materials from interpretations. Thagaard points out for example that the transparency of the collected materials depends on to what extent researchers clarify their interpretations.

She introduced that researchers should separate the description of what he or she observes from their own reinterpretations. Moreover, Thagaard argues that they should specify how one reaches a certain understanding by reflecting their own role with regards to their informants (Thaggard 2003, 201-202). However, when I wrote my fieldwork note, I focused
more on descriptions of what I had observed at the expense of neglecting my own reinterpretation towards happenings and my own role with regards to the informants. Even though it is not impossible to figure out my reinterpretations and to track back to the primary source in order to find the process of how to reach certain conclusions, it could have been better if I had have divided more my own reinterpretations from observation descriptions in the fieldwork notes.

**Secondary sources**

The research has also relied on secondary sources such as academic articles and research papers as well as a Chinese official magazine, Qiushi (求是), and a Norwegian official broadcasting documentary program, Brennpunkt. The research papers by various Chinese authors, Chinese government’s representative magazine, and multi-media materials have provided further understanding particularly on the management of community-based ecotourism, and have contributed to conceptualizing the perceptions of local informants.

When I attempted to understand unfamiliar concepts and systems, for example, the Chinese microfinance system, I first read several English articles and books associated with the Chinese microfinance system. In the next stage, I could find the corresponding expressions, such as a major governmental organ which mainly takes charge of microfinance loans in China, Rural Credit Cooperatives (农村信用合作社) in Chinese via the Chinese internet web search engine, Baidu (www.baidu.cn). Through this process, I could gain a better understanding of these two terms.

Several English books, such as *Poverty Reduction and Sustainable Development in Rural China* (2011), for example, provided me with rich source of information for understanding the connection between poverty reduction and sustainable development. Nevertheless, it was inevitable to read secondary Chinese and Korean materials to conceptualize what I had got from the fieldwork, and get some specific regional data (statistics, figures etc.) In this concern, I have made good use of some online archives such as China Academic Journals Full-text Database provided by China National Knowledge Infrastructure (CNKI), Seoul National University database, and Korea Education & Research Information Service (www.riss4u.net).
1.6 Layout overview

Chapter 2 provides an overview of the historical transformations of the concept of poverty and addresses how the CCP understands and adopts the concept of poverty. Moreover, this chapter considers the general scope of Chinese poverty alleviation strategies in rural areas, focusing on the Yunnan province. It is further followed by a section that explores the relations between sustainable development and poverty alleviation and the backdrop of the reasons why the CCP chose to promote ecotourism projects as a tool for connecting sustainable development and poverty alleviation through collaborating with external organizations and local residents. I have found that such ecotourism projects as defined in the western/global literature that I had read before departure have a very hard time getting off the ground in Yunnan. From the theoretical perspective, the reason appears to be different understandings of the concept of ecotourism in the Chinese context. In this regard, it is important to examine the concept of ecotourism in the Chinese context as well.

Chapter 3 opens with a brief comparison between the state-led New Socialist Countryside Construction (shehuizhuyi xinnongcun jianshe, hereafter NSCC), and the Saemaul Movement (1971-79), led by dictator Park Chung-Hee. It is indispensable to understand NSCC to conceptualize the ecotourism in the Chinese context, and the Saemaul Movement has influenced the formation of the NSCC, sharing several political and economic characteristics with the NSCC.

This chapter also examines the collaborative mechanisms of managing local residents’ rural ‘eco’ tourism innovation programs, horseback riding, and explores the functions of the self-organized rotating system to maintain horseback riding to secure their livelihoods and improve their standards of living in terms of the roles of social capital. The case study of Yubeng village will be outlined.

The development of the horseback riding business is directly related to the condition of roads. In other words, the trekking trails have made it possible to boost this community-based business. However, it would be naïve to believe that horseback riding becomes a ‘panacea’ method for the development of ecotourism. There have been several conflicts in terms of allocating the benefits, and environmental problems generated by the horses have been criticized. Moreover, the horseback riding business has indeed been threatened due to a
governmental decision to expand infrastructure – i.e road construction, and to implement the new state-driven ecotourism model: the national park.

Concerning this, chapter 4 focuses on the impacts of the national park model, which has been mainly influenced by the market-oriented management of the level of local participation and improvement of local residents’ standards of living. The impacts of the Pudacuo National Park, as a category of TPR will be analyzed based on the evaluation paper and interview with local residents there. However, it does not necessarily mean that all market-oriented national models, national parks for example, have hampered the local participation. Therefore, the mixed national park model that promotes local community, such as the initiative Laojun National Park, will be discussed.

Chapter 5 considers the impact of microfinance in terms of bolstering nongjiale (representative Chinese rural tourism) that has been promoted under the NSCC agenda. The Gongshan governmental tourism agency (Gongshan liyouju) has played a vital role in providing financial aid to promote nongjiale in Binzhongluo where almost no horseback riding business exists. At other sites of TPR, like Yubeng village, the case study of some villages in Bingzhongluo will be discussed. To combat poverty in these areas, the Chinese government at the same time supports the CREED (China Rural Energy Enterprises Development) program operated by the TNC, which aims at distributing small-scale loans to local people to help them install alternative energy facilities (solar panels, biogas tanks) and develop sustainable livelihoods. It explores the mechanism of microfinance programs, focusing on the usage of biogas tanks, and examines to what extent such microfinance programs facilitates rural tourism. The similar and different features of local villages at Hayongdu-ri (in the outskirts of Anseong, Gyeonggi-province) under the Saemaul Movement in comparison with nongjiale villages at Bingzhongluo will be discussed in the light of governmental financial aid.

Chapter 6 is a conclusion that summarizes the main points and assessment in this thesis.
2 Conceptual framework

2.1 Poverty: a brief historical background

In many different cultures throughout history, imposed poverty did not always indicate hunger and misery. It has embraced other considerations such as “being deprived of one’s instruments of labor, the loss of one’s status or the marks of one’s profession, lack of protection, and exclusion from one’s community” (Rahnema 1992, 158). In other words, the poor indicate in many cases those who had only lost, or faced with losing what they already had. Indeed, in most European and East Asian countries, the voluntary poor who chose to go through the destitute life were highly praised and respected. St. Francis of Assisi (1181 (?) – 1226) in Italy and Yan Hui (483-514), a pupil of Confucius are representative figures. Majid Rahnema argues that the poor were solely defined by the criteria such as a deficiency of cash income and possessions that the rich enjoy only after the market economy has expanded and the processes of urbanization has accelerated during the period of the 1940s to 1960s when the decolonization within the Third World was accelerated (Rahnema 1992, 158-159).

In Chinese history, especially ‘state-imposed socialism’ under Mao’s leadership before 1978, more than three-quarters of all Chinese rural people lived in poverty. However, the suggestions for poverty alleviation were largely ignored; it was only after the Deng Xiaoping regime that the issue of poverty reduction began to be highlighted. During the Cultural Revolution, political considerations took precedent over economic ones even in the countryside. Peasants who raised livestock, for example were afraid of being labeled “capitalist roaders” and of going through harsh humiliation (Ebrey 1993, 409). In other words, Chinese society was supposed to be more or less egalitarian, and in this regard, living in poverty was politically justified in the name of fighting against revisionists.

The reasons for being poor became simplified as ‘the lack of the basic elements needed for human survival: food, water, proper clothing, and shelter.’ Using the Orshansky scale\textsuperscript{15}, which was designed by an American economist, Molly Orshansky in 1963, the poverty line was established by the U.S. government. In this regard, many people logically used to believe

\textsuperscript{15}“[Orshansky] scale uses the minimum expenses needed to maintain proper nutrition and then arguments this with other costs considered vital” (Beaudoin 2007, 4).
that poverty problems would fade away through ‘increased productivity and the modern economy’s “trickle down” effects - the cakes being baked by the few rich people automatically are shared with the many poor people (Rahnema 1992, 163). According to the conventional definition of poverty, income and consumption level, based on Purchasing Power Parity dollars (PPP dollars) becomes the main index of poverty by separating the poor from the rich. The most common conventional approach to the definition of poverty was envisioned by the World Bank: those who have an income of less than US 1 dollar per day per person (extreme poverty) and of US 2 dollar per day per person (moderate poverty) (Holden 2008, 132). However, many researchers pointed out that measurement of poverty relying on basic human needs glosses over the ‘factors like seasonal fluctuations in food supply and cost.’ Moreover, access to clean water and better quality sanitation usually come from public assets, rather than individual incomes and consumptions.

Accordingly, the concept of relative poverty has arisen to conceptualize the poverty in different contexts. Need and want are defined contextually, based on a given population’s wealth and, to a certain extent, ideals. In this regard, most use the Gross National Product (GNP) per capita. This definition shifts its focus more on living standards rather than the question of survival. Even though some researchers add statistics on sanitation and medical facilities to access relative poverty, the main evaluation index for the relative poverty still depends on (disposable) income. The World Bank, for example, created the poverty line for industrialized nations – 14.40 PPP dollars per day, much higher than 1 PPP dollars per day in the developing countries (Beaudoin 2007, 4-5).

A thriving economy indeed has provided considerable amounts of services and commodities, but it is important to note that economical values to a large extent disvalued the fruits generated through co-operation and reciprocity within their communities. Dan Banik points out, for example, that the one-dimensional income index cannot provide any information in relation to the capacity of the poor to satisfy their basic needs (Banik 2006, 13). As the GNP per capita demonstrates “gauging poverty on all incomes calculated from overall production”, it means in other words that the vast possible variations in income distribution could be ignored. By solely focusing on increasing the production level, the poor were overexploited by the richer, entrepreneurial class. In this case, the rich could take advantage of effectiveness of production that the poor provided (Rahanema 1992, 168-169).
Consequently, the questions concerning the side-effects of economic growth, and proper assessments of the poverty arose, as well as alternative assessment models for poverty. These underscore the importance of encompassing ‘non-material aspects of human well-being’, such as the needs of local communities (Bull 2006, 36). This revised approach to the definition of poverty is often referred to as ‘a human capabilities approach’. Poverty seen in this light means ‘the absence of choice’ (Beaudoin 2007, 6). Ruth Lister (2004) argues that “poverty is not just a disadvantaged and insecure economic condition, but incorporates non-material aspects, including: disrespect; humiliation and low self-esteem; shame and stigma; lack of voice and powerlessness; and diminished citizenship” (Holden 2008, 133).

Corresponding to the link between poverty issues and welfare or protection of human rights, the intense debates on how to eradicate poverty went on within the discourse of development. This new definition of poverty, which has made up for its shortcomings by clarifying the income inequality during economic growth, stresses the role of ‘equitable development’ through participation. It was envisioned by this idea that not everybody has the freedom and capabilities to function in life and realize one’s potential. Since the mid-1990s, several scholars, including the economist-philosopher Amartya Sen through one of his works, *Development as Freedom* from 1999, have argued that a ‘lack of basic capabilities’ and ‘absence of freedoms’ aggravate poverty and believes that ‘empowerment’ and ‘democratic institutions’ are the two essential elements to facilitate poverty alleviation (Angelsen and Wunder 2006, 84; Banik 2010, 127).

One formulation of poverty reduction is The Human Right-Based Approach to Development (HRBA). HRBA emphasizes the equitable opportunity to development through following elements and principles: “identifying and prioritizing action to improve the situation of the poorest; analyzing the underlying power relations and the root causes of discrimination; ensuring that both the process and the concrete poverty reduction targets are consistent with international human rights standards; ensuring close links between macroeconomic design, sectoral initiatives, and ‘governance’ components and principles such as transparency and accountability; ensuring a basic standard of civil and political rights guarantees for active, free and meaningful participation, including freedom of information and freedom of association; identifying indicators and setting benchmarks so that the progressive realization of economic and social rights can clearly be monitored” (Banik 2010, 128).
HRBA, which was generally neglected until the late 1990s, started to get attention from UN agencies, and international civil society organizations (Banik 2010, 128). Dan Banik argues however, that it is challenging to implement HRBA in practice in terms of power-imbalance, exclusion and discrimination particularly in the developing countries where few national and local politicians are willing to support such ideas. Others criticize the HRBA for its lack of concrete guidance as to how to resolve poverty problems in different contexts as well (Banik 2010, 136-137). In the case of China, the issues of human rights violations have constantly been highlighted by Western countries more in terms of corruption and the country’s lack of a multiparty democracy. Interestingly, poverty alleviation has been a main project for the Chinese government, arguing that the general conditions of human rights cannot be ensured until *the rights of subsistence* are no longer in peril. In China, it has been seen as crucial to eradicate poverty to maintain social stability at home, and to show its political capability (Yao 2000, 471).

According to official Chinese propaganda, the aim of economical development from 1978 to 2000 is to solve the so-called *wenbao* problem. “*Wen* means to keep people warm with enough clothing. *Bao* means to have enough food to eat throughout the year. An equivalent academic definition of *wenbao is the poverty line*” (Yao 2000, 451). In this way *wenbao* was an indicator of poverty, and those who did not have *wenbao* were living in absolute poverty. Ben Hillman also points out that “the Chinese state defines poverty primarily according to income. Poor households have been defined as those whose annual incomes were below 300 RMB [in] 1992. That figure had risen to 635 RMB 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” (Hillman 2003, 550). The economic development from 2000 to 2020, however attempts to achieve a *xiaokang*\(^\text{16}\) (“moderate well-being”). Nevertheless, it seems that the concept of poverty in China still stems from a monetary context. Average income and the distribution of income are two indicators of the incidence of poverty in China.

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\(^{16}\) *Xiaokang* refers to people who can enjoy a lifestyle similar to the average living standardsof a middle-income country. According to official Chinese propaganda, the aim of economic development from 2000 to 2020 is to reach *xiaokang* (Yao 2000, 451-452).
2.2 Chinese poverty alleviation strategies and China’s main target areas: Western China

The transformations of the approach to combat poverty

Even though the official statistics from 1949 to 1976 demonstrate that agricultural and industrial production output had been remarkably increased (except for the three years of the Great Famine from 1959-61), the rural per capita disposable income was only 285 RMB. It was not only lower than the poverty line of 454 RMB generated by the World Bank, but it was also lower than the Chinese official poverty line of 318 RMB. Moreover, despite official pronouncements on the priority given to agriculture, excessive tax had been charged on agricultural production in order to finance urban and industrial development. The Mao regime legitimatized material equality through changing the balance of class forces and collectivization to a commune level. However, the sociologist Norman Stockman argues that the egalitarianism of the commune system did not seek for redistribution of resources from richer to poorer regions. Indeed, the state policy of local self-reliance aggravated the interregional inequalities generated by geographical disadvantages (Stockman 2000, 186).

Nevertheless, it does not mean that there were no efforts to eradicate poverty during these two decades. The first strategy to combat poverty was promulgated in the 1950s in the form of land reform that made it possible to get access to land, which was accelerated through China’s rural collectivization movement. The second strategy, adopted in the 1960s, was a national welfare program called the *Five Guarantees for Households in Extreme Poverty*. Even though this welfare program was designed for marginalized rural households, it turned out that only an estimated 1 per cent of the rural and less than 1 percent of the urban population benefited from the program. The third strategy focused on expenditure on infrastructure and was based on “top down planning procedures” which did not take into consideration locally generated basic needs and opinions, but was operated by governmental funds with centralized political priorities. The fourth strategy was to attempt to modernize China’s economy through the industrialization of manufacturing. This strategy contributed to migration from the rural to the urban areas to work in the factories, and the influx of more rural population into the cities increased in the aftermath of the free-market reforms of 1978 (Taylor and Plummer 2004, 270-271). However, the migration has not been successful in eradicating poverty, and has been tightly controlled by the government with *hukou* - the household registration system.
Under the *hukou* system, the rural migrant workers in the cities have been deprived of rights to permanent settlement, housing, pensions, health care, and education. As a result, they end up as urban poor who have low-paid causal jobs (Yao 2000, 454).

From the 1980s on, Deng regarded poverty as an urgent social problem, and revived the economy by providing individual incentives for hard work and personal initiative. The individual household responsibility system has replaced communal production, which accelerated small-scale production. In other words, Deng maintained to some degree a collectivist system, but it was largely based on the diversity of the needs of individual farmers (Xu 2001, 395). In the aftermath of individual household responsibility system, promoted by the Deng regime, limited access to natural resources became an acute problem (Xu 2001, 390). Deng chose some ‘effective urban regions’ to develop quickly and then expected that the rising incomes of these few urban regions would accelerate economic growth and ultimately benefit the many different rural regions afterwards (Stockman 2000, 193). The traditional poverty relief methods were replaced by market-driven methods. Even though such trickle-down economic plans attributed to the rise in rural incomes and consequently moved the rural populations out of absolute poverty, considerable rural poverty still remained, particularly in the remote mountainous areas, such as the southwest and north-west of China, including the Yunnan province. However, poverty has not been solely concentrated in such remote rural areas, but has also prevailed in the richer urban areas due to the ‘unbalanced regional development’ and ‘the worsening of income distribution’ (Yao 2000, 453). According to the outcome of poverty research by Gustafsson and Zhong in 2000, the officially defined poverty stricken areas were allocated the subsidies (or proportion of national poverty reduction resources), depending on their geographical situations. However, such allocation of governmental subsidies did not take explicitly into account the income situation of households. Consequently, the non-poor households in the target regions took advantage of leaked subsidies, while the pauper households who were not in the designated target regions were marginalized (Gustafsson and Zhong 2000, 1001-1005).

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17 This was an anti-poverty strategy called the *8-7 Poverty Alleviation Plan* launched in 1994. “This plan sought to address institutional shortcomings to achieve more explicit poverty targeting. Through targeting poorer areas and population groups, the strategy aimed to match the rates of poverty reduction achieved in the 1980s (Taylor and Plummer 2004, 273).
**Poverty reduction through tourism development**

In order to reduce the economic gap between China’s eastern and rich coastal regions and the middle and western parts of China’s impoverished regions, the central government proclaimed the Great Western Development Strategy (GWDS) in 2000. Although environmental protection and watershed management were a main focus in this strategy, the expansion of infrastructure by financing from the outside was in reality enabled by a conventional, market-driven background (Xu 2001, 387-388). Moreover, the tourist routes along the Yangtze River, Silk Road in the north-west of China (especially Yunnan, Guizhou and Sichuan) were highlighted as the appropriate districts of development for local tourism services and infrastructure construction (Ning 2000). However, it is important to note that tourism business in these areas has already been promoted since the late 1980s by emphasizing the cultural diversity of the ethnic minorities. The CCP authorized ‘scientific, modern’ Han ethnic groups to play a ‘responsible’ role in helping to move the other minorities out of their ‘unfavorable’ situations through facilitating culture-based tourism. The development of tourism in poor ethnic minority regions was a political attempt to curb massive migration in that the local governments provided the opportunity for the rural residents to seek jobs associated with tourism within their own districts (Zhang, An, and Liu 2009, 283).

Influenced by the state’s decision to re-strengthen community or village management of natural resources, the Poverty Alleviation and Development Office of the State Council was established in late 2001. It demonstrates that China’s poverty policy would be reformed to promote *Village Poverty Reduction (VPR)*

18, which was the first official approach to the mainstream participatory methods (Plummer and Taylor 2004, 269). There has been a lot of research in this area, especially with a focus on the close relationship between local participation and poverty-alleviation in the field of tourism development. For example, Zhao Weibing, a researcher at the Institute for Tourism Studies, stresses that local participation and destination competitiveness are fundamental elements to achieve poverty-alleviation through the tourism industry (Zhao 2009, June, 171).

Many Chinese tourism experts argue that community participation is one of the essential factors in deciding on its sustainability, based on the theory from Peter Murphy’s *Tourism: A
community approach from the 1980s (Yang and Chen 2009, Guo 2010, Liu and Yang 2009). The community participation in the development of rural tourism indicates that the local residents play a main role in implementing tourism activities. In other words, it is considered to be important to ensure the high level of self-reliance among local villagers for the sake of facilitating sustainable tourism development. The dynamic of income distribution show the effectiveness of community participation (Liu and Yang 2009). Craig A. Johnson points out that participation is most effective when governments, individuals and communities can recognize and internalize the costs and benefits of collective activities. And then, to what extent does sustainable development bring the benefits for local governments and residents in terms of poverty alleviation? I will first clarify the connections between sustainable development and poverty alleviation.

2.3 To what extent are sustainable development and poverty alleviation related to each other?

The concept of sustainable development and the link between a worsening of poverty and environmental degradation

The concept of sustainable development was first formulated by the World Conservation Strategy published by the World Conservation Unit (IUCN) in 1980, but it was not popularized until 1987 when the Brundtland Report was published. It encompasses ideas of economic development that stress the conservation of natural resources and human development. It is worth noting that sustainable development would rather focus on the conservation of resources than on the preservation of the physical environment such as flora and fauna. According to the United Nations Conference on Environment and Development Principle 1, it states; “Human Beings are at the center of concern for Sustainable Development. They are entitled to a healthy and productive life in harmony with nature.” (Walia 2006, August).

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20 “Brundtland Report” defines sustainable development as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs.’ Such a definition builds on two key concepts. First, the concept of ‘need’ in particular the essential need of the world’s poor, to which overriding priority should be given. Second, the idea of limitations imposed by the state of technology and social organization on how to influence the environment’s ability to meet present and future needs” (Ruud 2006, 137).
The 2002 Johannesburg declaration suggested the focus of sustainability should be towards poverty alleviation, and the sustenance issues for rural marginalized poor were addressed at the Johannesburg Summit in 2006.

• Halve the number of people living in extreme poverty
• Halve the number of people lacking access to water and sanitation
• 10 year framework for sustainable consumption and production
• Reduce the rate of loss of biodiversity
• Substantially increase the global share of renewable energy
• Restore fish stocks
• Achieve a sustainable use of chemicals

With spreading deforestation and desertification all over the world, poverty is a major cause of environmental destruction, and thus the poor become the targets of campaigns to promote environmental awareness. In this regard, the Brundtland Report emphasized the need for poverty alleviation through sustainable methods (Holden 2008,150). Moreover, it incorporated concern for the environment into the concept of development by erecting ‘sustainable development’ as “the conceptual roof for both violating and healing the environment.” Interestingly the Yunnan provincial government also presupposes that environmental degradation mostly comes from the local poor, and in turn worsens their poverty.

Chinese officials and scholars criticized the “ignorance” and “backwardness” of ethnic minorities in relation to environmental restoration. Dee Mack Williams points out that local minorities have frequently been regarded as the cause of land degradation in the Chinese media: “Over-cultivation and a surplus of stock in the [minorities’] region are the main causes for the rapid desert expansion.” (Williams 2002, 31). Consequently, it is believed that the traditional practices of ethnic minorities have to be changed. When I asked the vice-director and three head-officers at the Ministry of Agriculture in Lijiang whether the method of traditional agriculture of ethnic minorities truly has had a negative influence on the environment, they rather stressed the shortcomings of the traditional agriculture (generally, slash and burn cultivation) in relation to ecological agriculture. It is mainly because this traditional cultivation barely reached self-sufficiency (interview 27 September, 2010).
Moreover, they pointed out that ecological agriculture has a more advanced goal. Not only can it fulfill itself in terms of self-sufficiency, but it can also pay more attention to environmental protection by using biological technology. They argued that the development of ecological agriculture made it possible to put a large amount of organic foods on the market (interview 27 September, 2010). Nevertheless, it is important to note that the environmental problems generated by the widespread usage of chemical fertilizers and pesticides, which were regarded as ‘scientific and modern’ in order to increase the productivity base on market-driven strategies in the farmlands (Xu 2001, 391), have been hidden in the Chinese official discourse.

To sum up, most cultures of minorities have been denounced for the degradation of nature, and it has aggravated the poverty problems. Then, how does sustainable development contribute to break out of this vicious circle? Why was this sustainable approach adopted by the CCP?

**The main reasons why the CCP accepted sustainable development as a tool for poverty-alleviation in Yunnan**

In the case of China, most poverty alleviation projects have been a target for rural as well as urban areas. In 1994, the Chinese government formulated *China’s 21st Century Agenda – a White Paper on China’s population, Resources and Environment*. This Agenda made it clear that China would take sustainable development strategies as the leading principle of long-term development in China. In 1997, sustainable development became the national development strategy (Liu and Wang 2010, 17). The definition of sustainability adopted through rural development in China was “sustainability is a local, informed, participatory, balance-seeking process, operating within a Sustainable Area Budget, exporting no harmful imbalances beyond its territory or into the future, thus opening the spaces of opportunity and possibility” (Ryan, Gu, and Fang 2009, 245).

In the case of Yunnan, the backdrop of sustainable projects was mostly the devastating floods along the Yangtze River in 1998. The upstream deforestation in southwest China was mainly blamed for the catastrophe. Consequently, the CCP established the Nature Forest Protection Project and Grain for Green Program at the same time (Ye, Chen, and Fan 2003, November, 345).
Grain for Green Program (tui geng huan lin – farmland returing back to forest)\(^21\), for example, began in 1999 in the name of ‘sustainability-friendly’ poverty alleviation. This program is considered to be ‘one of the most ambitious conservation schemes in the developing world to prevent soil erosion – primarily through reforestation of grain land or conversion into grassland.’ (Heilig et al. 2005, December, 14). The aim was to control the deterioration of the natural environment and to safeguard water resources. The outcome of the Grain for Green Program was largely praised in terms of cost-effectiveness and sustainability. However, many ethnic minorities, living and farming on slopes of more than 25 degrees, face a food shortage. Moreover, this program does not reach the impoverished regions in the arid or semi-arid grasslands with little or no crop cultivation (Ibid.).

The logging ban, as a result of the governmental conservation projects, led to social unrest because it threatened the villagers’ rights to survival. However, the state itself transformed and adjusted its strategies to pacify the villagers. Li Huaiyin (2009) asserts that the prevailing method to deal with the discontented villagers has been education instead of suppression. Based on my observations, the local government has collaborated with several domestic and international organizations to cultivate environmental awareness among local villagers in order to relieve the social tensions associated with conservation policies.

Local governments and local residents who largely relied on the logging industry tried to search for financial alternatives. *Matsutake*,\(^{22}\) which was discovered by Japanese entrepreneurs in the late 1980, has been regarded as a reasonable solution for illegal logging because it can generate sufficient fiscal revenue (Choy 2009, 395-396). The commoditization of non-timber natural resources, including *masutake*, medicines and herbs has accelerated as a result of the economy-led development and marketization. Consequently, the traditionally diversified channels of natural resources have been simplified and unsustainable usage of natural resources have been aggravated by the normal terms of the market (Ren, Huang, & Kui, 2011, 346).

\(^{21}\)‘The scale of the [Grain for Green Program] program is quite impressive. According to [the] plan, almost 15 million hectares of cropland should be set aside for reforestation or conversion into grassland; of which more than 4 million hectares should be on steep slopes with at least 25 degrees. Farmers, who set aside these crop areas, are compensated in cash, grain and seedlings. Each farmer receives 1500 to 2250 kg of grain per hectare per year, 300 RMB per hectare per year in cash payment, and free seedlings (worth approximately 750 RMB) at the beginning of the conversion program. This program is carried out in more than 20 provinces; there is a strong geographical focus on the upper and middle reaches of the Yangtze and Yellow river.” (Heilig et al. 2005, December, 14)

\(^{22}\) *Matsutake* is Japanese name of *songrong*. In the international context, *matsutake* is more well-known term, referring to a high-value gourmet mushroom. In China, *songrong* is rather used to refer to this mushroom.
Apart from the commoditization of natural resources, the considerable encouragement of planting some “economic trees”, such as walnut and almond trees has been launched in these areas. The ecotourism development model was mainly envisioned by The Nature Conservancy, an American conservative NGO, as an alternative to the defunct timber industry in responding to the logging ban for the sake of conservation on the Tibetan Plateau. As a consequence, Meili Snow Mountain (also called Kawagebo\(^{23}\) in this Tibetan region) for example received much attention from the both local government and TNC to promote ecotourism (Litzinger 2004, 495-496). The development of ecotourism has at the same time clearly facilitated the commoditization of natural resources and planting these trees with high economic values. In the next section, I will examine the concept of ecotourism in the Chinese context.

### 2.4 Ecotourism in the Chinese context

The definition of ecotourism has not yet been universally accepted. It is frequently debated what the emphasis of sustainable development should be, the purpose of its application, and even its substance (Fennell, 2003; Leksakundilok, 2004). Andrew Holden argues, however, that the definition suggested by The International Ecotourism Society (TIES) in the 1990s is perhaps the most commonly accepted one: “Responsible travel to natural areas that conserves the environment and improves the well-being of local people” (Holden 2008, 236). Anucha Leksakundilok points out five elements in common with most definitions of ecotourism: “ecotourism is dealing with natural resources, has to be responsibly managed, must provide education, needs to satisfy tourists and must not neglect the local people” (Leksakundilok 2004, 24). Monica Liau points out that “the standard Western definition of ‘ecotourism’ is a small group of tourists who experience a natural area with minimal environmental impact, minimal creature comforts, and economic benefits to local communities” (Liau 2008/2009, 110).

The idea of ecotourism stems from the belief that non-industrial societies have a spiritual tie to, and live in harmony with, nature. In other words, eco-tourists can learn from the harmonious relationship locals have with the natural environment. This belief has supported

\(^{23}\) Kawagebo stems from Tibetan language to refer to Meli Snow Mountain: Mount Khabadkarpo. “Kawagebo is considered by Tibetans all over the world to be a sacred mountain, and it properly belongs to that classification of mountains known by Tibetans as nerí, literally translated as “mountain abode” … Kawagebo has also been the destination for a different kind of pilgrimage-mountaineering and adventure travel, though to this day the mountain has yet to be successfully climbed (Litzinger, 2004, p. 496).
the mentality that “economically poorer societies embody traditions and belief systems that have much to teach the developed world about the value of natural resources and how to live a sustainable life” (Butcher 2007, 125). Kay Milton, however, is critical to this ‘environmentalism of the poor’ and argues that some of the societies with the least environmental degradation are culturally closer to industrial entrepreneurs. Milton points out that practices in which some ‘economically poorer societies’ (non-industrial societies) participate are perhaps environmentally friendly, but their cultures, and the ways of understanding the world are not necessarily the same. It has not been the goal of most non-industrial people to live in environmentally benign places, but has been rather incidental consequences of their activities based merely on a lack of technology that may preclude the deterioration of nature and being located relatively isolated from other communities (Milton 1996, 113, 135).

Both the Western and Chinese concepts of ecotourism share to a large extent the same basic aims such as effective protection of natural resources and the improvement of living conditions of local residents. Nevertheless, it seems that there have been considerably different approaches in terms of the fundamental understanding of ecological values and implementation of the methods used. The separation of man from nature has been forged through the Western history of ideas and thoughts while the Chinese ecological values have frequently been illustrated by quoting the ancient Chinese saying: *tian ren he yi – the unity of man and Heaven.*

Ye Wen and Xue Ximing point out that “[t]he harmonious relationship between human beings and nature was the core of the view of the unity of man and Heaven.” Dee Mack Williams underscores that such a ‘harmonious’ relationship has been somewhat political. Williams points out that (Williams 2002, 38-39):

For millennia, government authorities based their legitimacy on the notion of a “mandate from heaven.” The Emperor, as Son of Heaven, was responsible for maintaining harmony between Heaven and Earth. Evidence of proper governance was manifest by harmony in both the social and natural order. By the same token, natural disasters could be construed as evidence of disharmony – ordinary citizens associated them with incompetence among the ruling elite and perceived them as a sign of discontent on the part of Heaven…[For example] widespread devastation and social turmoil resulting from floods, earthquakes, and famine have historically been major contributing factors to the collapse of imperial authority.

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24 In vernacular usage of *tian ren he yi*, *tian* – heaven refers to nature (Wedul 2006, 41).
However, it is important to note that the unity of man and Heaven was transformed as ren ding sheng tian – Man must conquer nature during the Mao regime. Human progress and improvement of living standards was promoted at the cost of environmental degradation due to the limitless usage of natural resources. Ye and Xue point out that ‘the ancient green paradigm’, that man and nature are organically inter-connected and developed harmoniously, has played a prevailing role in Chinese society even though it had been a problem to put this into practice during the Mao regime (Ye and Xue 2008, 582).

It seems that the various ethnic minorities cultures are perceived to be closely associated with nature. A coordinator of Cultural Tourism at TCG Nordica in Kunming asserted that the more tourists are willing to learn from how the ethnic minorities live through the stay with them, the less environmental pollution will occur (interview 15 September, 2010). Ye also gave me an example of how the concept of the protection of nature has been conveyed and cultivated among ethnic minorities in Yunnan. The Dai minority in Xishuangbanna, in the south of Yunnan, plant thirteen trees every time they give birth to a child, and they limit themselves to two children only because of this concern (interview 1 November, 2010).

To sum up, unlike the Western understanding of ecological values that stems from the understanding of both nature and culture as separate entities, the very concept of Chinese ecotourism is based on the idea that nature cannot be understood separately without culture (Ye and Xue, 2008). As a result, the main purpose of Chinese ecotourism is rather the conservation of cultures in rural ethnic minority villages, which are supposed to be understood as living in unity with nature.

Ecotourism in China, deeply interconnected with ethnic tourism is often predicated on making the minorities exotic, especially women, but it has at the same time diminished some cultural differences between the minorities and Han majority under the modernization of the nation (Blum 2000, 8). By far the majority of ethnic minorities are conceived as

25 According to Mao’s Nongken – Agricultural Reclamation, it notes: “if people living in nature want to be free, they will have to use natural sciences to understand nature, to overcome nature and to change nature; only then will they obtain freedom from nature” (Wedul 2006, 44).
26 For more information about Cultural Tourism at TCG Nordica: http://www.tcgnordica.com/culture-tourism/ (both in Chinese and English)
27 The definition of ethnic tourism suggested by Lisa Hiwasaki: “Ethnic tourism is a form of tourism in which the cultural exoticism of the host population and its “products,” such as clothing, music and dance, are the main attractions for the tourist” (Hiwasaki 2000, 395).
28 Many ethnic minority women have indeed been perceived as colorful, exotic, hospitable, and as guardians of tradition (Schein 2000, 122).
“primitive and backward” (luohou 落后) contrasting themselves with the “scientific and modern” Han-Chinese, yet not all of them are placed in this category (Blum 2000, 1474).

Susan D. Blum argues, however that most Han-Chinese interest in minorities lies in the colorfulness of ethnic minorities, and it is not likely that they intend to understand their culture in any significant depth (Blum 2000, 75).

Åshild Kolås has done research concerning how Tibetan culture is re-formulated as a marketable commodity for tourists. Kolås agrees to a certain degree with the crucial role of singing and dancing mentioned by Blum, by pointing out that these cultural activities have potential elements for enhancing tourist consumption. Kolås argues that folk music and songs and dances of various minorities have been sponsored by the authorities in charge of ‘cultural preservation and development’, such as the cultural departments of local governments (Kolås 2008, 93). However Kolås asserts that such state-driven ethnical stereotypes have led to continuous negotiation and contest, especially in provinces with several Chinese minorities (including Yunnan) (Kolås 2008, 80). In the aftermath of the development of ethnic tourism for example, such negotiations for ethnic identity became accelerated, especially in the case of some ethnic minorities whose state-sanctioned ethnic stereotypes are not deemed suitable for promoting ‘eco’ tourism (Kolås 2008, 103). In this sense, Kolås points out the active role of ethnic minorities (in her research, mainly Tibetans) in remaking a proper self-image for the sake of enhancing their competitiveness in the ecotourism market, where ethnic minorities are unevenly portrayed.

Most tourist researchers argue that it will be difficult to implement Western style small-size ecotourism development in China, and even some of them point out that there are probably no countries that can fit the Western ecotourism formula. They assert that “China is too big…and local economies depend on volume” (Liau 2008/2009, 112). In this concern, they think that it is inevitable to adopt a high volume of tourists to promote ecotourism in China. Moreover, they point out that most villagers are not aware of what ecotourism means (Liau 2008/2009, 113). Nevertheless, they think that not only local governments and outside entrepreneurs, but also local elites do want to advertise the corresponding Chinese term for ecotourism, shengtai lüyou (生态旅游) (see Picture 1.) to make profits (Liau 2008/2009, 109).
According to the survey on the Chinese contemporary ecotourism market, there are at least two kinds of ecotourists in China: elites and mass scale tourists. ‘Elites’ refers to the small-scale groups of tourists who have not only certain knowledge of concerning biodiversity, but also have time to go deep into nature for self-reflection. However, the number of the Chinese elite ecotourists is few.

The survey in the Bita-Lake natural reserve in Yunnan for example, showed that the majority of Chinese tourists did not feel any special responsibility for the environment and behaved just like other mass tourists (Ye and Xue 2008, 580).

**Picture 1 Ecotourism poster and sign**

*Left: Ecotourism poster at Lashi-hai (Lashi-Lake), in the outskirts of Lijiang. Many villagers who live nearby Lashi-Lake have started to operate horseback riding services for tourists in the paths surrounding Lashi-Lake. The sentence in the middle says, “ecotourism village welcome you.”

*Right: Lijiang Xintuo Ecotourism company’s sign.*

‘Mass’ refers to the large-scale groups of tourists, and the various tour programs. In this regard, the only difference between ‘mass ecotourists’ and mass tourists is that ‘mass ecotourists’ are mainly based in beautiful natural landscapes rather than artificial ones.
When I interviewed a manager at Lijiang Xintuo Ecotourism Company\textsuperscript{30}, Lily Zhang, she said that 99% customers are foreigners who usually prefer to have a family based, small-scale tour instead of a group tour. While working as a tour-guide and manager, she said that she has learned about biodiversity and environmental protection from the foreign customers who have a high environmental awareness. Zhang told me that it is still challenging to apply the Western concept of ecotourism to domestic tourists and villagers because most domestic tourists often do not care to pay more for having a ‘low-impact, responsible tourist experience’, and local villagers still prefer to adopt the mass tourism model which is much more effective and has a quicker outcome (interview 26 September, 2010).

While conducting the fieldwork, I discovered that there are no specific statistics solely concerning the dynamic of ecotourism in China. When the governmental tourism bureaus generate statistics, they mix the data from mass tourism and ecotourism. Ecotourism in the Chinese context has been regarded as “a type of moderate activity that need not cost them a lot of physical strength and energy” (Ye & Xue, 2008, 582). Ecotourism then, embodies to a large extent the idea of ‘leisure\textsuperscript{31}’ in its character. It was indeed growing incomes, more leisure time and longer public holidays that have accelerated the growth in demand for domestic tourism. It has led to the demand for new types of tourist attractions such as a vernacular architecture and minority cultures even though many tourists still want to visit the historical tourist sites such as the Great Wall and the Forbidden Palace.

Unlike many European countries, rural life and the peasantry have been hardly romanticized in contemporary China. Marina Svensson argues that it is because rural life has been depicted as impoverished and harsh and peasants have been regarded as ‘backward and uneducated, holding feudal and superstitious beliefs’ in the Chinese context (Svensson 2006, 24). To cover up such ‘unpleasant’ conditions in the rural areas, many local villages thus have been cleaned up and sanitized for urban tourists, and entertaining features of minority cultures, such as song and dance performances, have been highlighted in an exoticizing fashion (Ibid.). Interestingly, I observed in the fieldwork that local community-based horse-riding businesses, especially in the trekking routes, have mushroomed in many places in Yunnan in order to satisfy the

\textsuperscript{30} For more information about Lijiang Xintuo Ecotourism Company: www.ecotourism.com.cn

\textsuperscript{31} Unn Målfrid H. Rolandsen has done her research on leisure in urban China by the analysis of official leisure discourse in the local context. “Chinese scholars in general use the term xiuxian and xianxia, and also [free time]- ziyou shijian interchangeably. Of these terms, xiuxian is by far the most frequently applied, and is often used in combination with the derogatory term xiaoqian meaning to while away time or divert oneself. The Chinese character for the syllable xiu which as a verb means to cease, rest, or recuperate, shows a “person stopping to rest under a tree”, and xian refers to matters of little importance” (Rolandsen 2008, 58-59).
Chinese ‘eco’ tourists who do not want to be physically tired by walking. In turn, it provides local residents with opportunities to improve their local economy.

According to Monica Liau, shengtai lüyou (ecotourism in Chinese) simply means “tourism that explores a natural environment. This involves both the small “backpacking” experience, but also includes more popular mass bus tours” (Liau 2008/2009, 110). An ecotourism researcher at Southwest Forestry University, Ye Wen, however, argues that it is more appropriate to understand the Chinese ecotourism from the perspective of rural tourism (xiangcun lüyou), rather than from the Western concept of ecotourism. Moreover, when it comes to the current mass scale tourism, based on the beautiful scenery such as Yellow mountain (Huangshan) in Anhui province and Jiuzhaigou in Sichuan province, it is supposed to be called “sight-seeing tourism” (guanguang lüyou) to differentiate it with rural tourism (interview 1 November, 2010).

However, the concept of rural tourism in China is deeply elusive because the concept of rural tourism and ecotourism are so alike. I found that many of rural tourism (xiangcun lüyou) activities, such as “enjoy yourself in farmers’ families” (nongjiale) and “restful farms” (xiuxian nongchang) also might be classified as ecotourism (shengtai lüyou) activities.

However, it seems that ‘the experience of nature for leisure’ is an indispensable core concept for both Chinese ecotourism and rural tourism.

2.5 Poverty reduction through the community-based ecotourism

The community-based ecotourism has been formulated by the CCP to counterbalance the economic growth between the costal regions and inland China, and to promote sustainable development, highly influenced by the political agenda called New Socialist Countryside Construction (shehuizhuyi xinnongcun jianshe) (NSCC). It is important to note that tourism has become a mechanism of poverty reduction through community involvement, especially in western China. The Swedish researcher on contemporary Chinese studies, Marina Svensson,

32 From the historic perspective, community in China was based on a patrilineal kinship network, where an extended family lived in close proximity within a geographic area and cared for each other whenever the members needed help. China’s Ministry of Civil Affairs officially proclaimed the definition of community from the geographical perspective in 1994 as the following: the lowest political administrative unit. Qingwen Xu, Douglas D. Perkins and Julian Chun-Chow point out that “In each unit, Chinese laws have established that the leading organization is the semi-governmental, but self-governing by law, Urban Residents’ Committee or Rural Villagers’ Committee” (Xu, Perkins, and Chun-Chung Chow 2010, 261). In this regard, Xu, Perkins and Chun-Chow regard a community is equitable with a geographic urban neighborhood or rural village (Ibid., 262).
points out that “local governments often see tourism development in minority areas as the only and most promising way to generate economic growth and promote modernization” (Svensson 2006, 21-22). The most significant task of this agenda was to enhance the incomes of rural residents so that they could come up to xiaokang (“moderate well-being”) levels. Since then, the governments have encouraged a mass participation of the local residents while ensuring prompt financial support. The local residents, in turn, were asked to re-educate themselves to fulfill this agenda (Chinese news agency, Xinhua 07 Feb, 2006). The improvement of the rural ecological environment has been highlighted in the New Socialist Countryside Construction political agenda, focusing on the preservation of beautiful mountains and rivers (Liu and Wang 2010, 131).

The local villagers have played an active role in promoting their economic interests, justifying their claims for the sake of securing their livelihoods. Li Huaiyin, who has done research on the transformation of the Qin village in Jiangsu province under socialism and reforms, points out that the local villagers did not hesitate to act violently when their frustration reached a climax. However, local villagers gradually changed their strategies to deal with the state after the rise of the dominant socialist state. The villagers replaced old strategies, which were denounced as ‘backward, superstitious, and even reactionary’, with new concepts and methods promoted by the state through the village “elites”, who were familiar with government policies in order to articulate their interests (Li 2009, 335-337). In doing so, local villagers helped secure their economic interests, have improved their standards of living by maximizing community participation in the name of promoting the New Socialist Countryside Construction.

Rural tourism (xiangcun lüyou) was highlighted under the circumstance of promoting the New Socialist Countryside Construction (NSCC) and even many Chinese scholars argue that rural tourism plays a significant role in promoting the NSCC in terms of contributing to an improvement in standards of living in the rural areas (Sun 2007, 59-60). In any case, the ecotourism in China has been bolstered at the community level in order to reduce the incidence of rural poverty as a sub-category of sustainable development (Leksakundilok 2004, 10). The community plays a significant role in controlling tourism’s direction, planning and

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33 Xiangcun lüyou is sometimes translated into Agritourism. Meng Rui, a Chinese researcher at the Faculty of Ecotourism, Southwest Forestry University regards xiangcun lüyou as a tourism which has rapidly developed in the outskirt of the cities, and serves to enrich the local people and to reach up to the xiaokang. Meng argues that as it comes to the substantial implication of xiangcun lüyou, it serves as one of the functions of ecotourism (Meng 2006, 81).
operation, as well as assessment in sustainable tourism. Accordingly, the concept of Community-based Ecotourism (CBET)\(^{34}\) has come about. Gui Yanli and Fang Yangang, and Liu Jisheng introduced the previous study on CBET (Gui, Fang, and Liu 2004, 278).

Community-based Ecotourism (CBET) emphasizes the local community has owned the substantial control over, and participated in the development and management of tourism, and remained a major proportion of the benefit within the community. CBET commits itself to reverse the top-down ecotourism development and management via empowering the community in economic, political and social aspects.

Ryan, Gu and Fang point out that community involvement in tourism development is regarded as ‘a political as well as a social, economic and moral issue associated with the modernization process’ (Ryan, Gu, and Fang 2009, 244).

Indeed, the new concept of poverty alleviation – participatory poverty alleviation – was created by connecting community involvement and poverty alleviation. Participatory poverty alleviation is based on “helping people to help themselves.” In other words, this participatory approach emphasizes ‘poor people’s self-motivation, independence, and self-development’ apart from the necessity of governmental external aid’ (Han 2011, 178). It indicates the turning point from the methods of traditional poverty reduction. Although both traditional and participatory poverty reduction approaches underscore that the beneficiaries of poverty alleviation are supposed to be the poor people, participatory poverty reduction recognizes that poor people are not simply recipients of aid, but also the primary agents of poverty reduction (Wang 2011, 177-178, 180).

Han Wei argues that “participatory poverty reduction particularly emphasizes village-level poverty reduction projects, including their planning, design, implementation, management, and evaluation” (Wang 2011, 185). Indeed, the CCP issued the Guidelines for Rural Poverty Reduction in China (中国农村扶贫开发纲要) (2001-2010), which addressed the “Integrated Village Development Program,”\(^{35}\) formulated by the State Council’s Leading Group Office of Poverty Reduction and Development (LGOPRD). Han points out that both the Foreign Capital Project Management Center of LGOPRD, supported by the Ford Foundation, and the

\(^{34}\) It is unlikely that there is a strict distinction between community-based ecotourism, and community-based tourism.

\(^{35}\) Integrated Village Development Program is based on a “revised village-based targeting model and new methodologies for creating participatory village development plans” as a result of going through prior experience of trial projects during the introductory stage and on the finding that the distribution poor communities in China was to large extent unbalanced. (Han 2011, 194)
China Poverty Reduction Fund, supported by the Asian Development Bank, carried out NGO and Government Collaborative Poverty Reduction Experiments. Sichuan, Guizhou, Yunnan, Shaanxi, and Jiangxi provinces were all target areas and a large number of domestic NGOs were encouraged to implement participatory village development plans in various pilot villages. Han stresses that participatory poverty reduction was formulated abroad, but this concept was suitable for Chinese soil because the participatory philosophy and methods are similar to the well-known Chinese idea: “mass line” (群众路线) and the current Chinese political system supports to a large degree this concept (Han 2011, 200).

How then does CBET work to secure local livelihoods and enhance local standards of living in TPR? In the next chapter, I will focus on the dynamic role of community participation in securing and improving the local standards of living.

2.6 Summary and concluding remarks

Historically, living in poverty in general has not always been classified as encountering material deficiency. Those who were willing to endure the destitute life to fight against injustice in society have been highly praised. However, after the expansion of the market-driven economy took control over the globe in rapid urbanization during the period of the 1940s to 1960s, poverty began to indicate solely a shortage of cash income and possessions. Consequently, the reasons for poverty mainly came from the deficiency of basic human needs, and economic growth was considered as the best prescription for combating poverty. Nevertheless, the definition of poverty has been transformed in accordance with evolving claims since the economic growth could not cover limited access to clean water or better quality sanitation. Imbalances of economic growth led to an increase of poverty. In order to make up for such shortcomings, the recent new definition of poverty emphasizes the role of equitable development by participation, and considers cooperation and reciprocity as the crucial factors for combating poverty.

In the case of China, the Mao regime justified to a large degree impoverished life by focusing on material equality, which was not solely designed for the redistribution of resources. It was in the 1980s when the turning point of poverty alleviation came about through the promotion of the conventional market-based approach that expected a ‘trickle down effect’ to poorer inland China. The most mountainous, remote villages in Western China have been largely marginalized from enjoying the economic profits of the Deng Xiaoping’s market-driven
Ironically, the considerable governmental subsidies were solely allocated in these remote, mountainous regions without any considerations for income variations among the rural residents. Thus, many poor Chinese who did not live in these target areas could not benefit from this governmental aid.

Tourism has served as a primary tool for poverty alleviation in Western China, especially the Yunnan province under the Great Western Development Strategy. However, tourism development, highlighting the colorful cultural variety, has been mainly criticized for the considerable commercialization of culture and marginalization through the badly managed distribution of profits to the local residents, which hampered the function of poverty alleviation. In the aftermath of the massive flooding in North-west Yunnan, near the Sichuan province in 1998 which occurred because of the large scale logging under the Mao regime, the importance of sustainable development became clear, with a focus on conservation of natural resources. Moreover, local governments supported the connection between the worsening of poverty and environmental degradation, and stressed the importance of re-education for the local residents in order to enhance their capability.

The local governments in Yunnan accepted the community-based ecotourism development model, mainly formulated by the TNC to pacify discontented local villages who were forced to alter their main source of income: logging. This facilitated a modernization of the rural, “backward” standards of living, and secured enough revenues for local governments. The Chinese formulation of ecotourism attempts as well to conserve the environment and to improve local standards of living, but there has been different approaches concerning the implementation methods. Unlike Western ecotourism, the development of Chinese ecotourism to a large degree is dependant on culture from ethnic minorities, which is regarded as indispensable since it is seen as closely related to nature. Therefore, the cultural conservation has been more in focus than environmental conservation. Moreover, the local governments have permitted a certain degree of mass-oriented tourism in terms of the scale of tourists and the number of tourism activities.

The development of community-based ecotourism has been facilitated due to the promulgation of a political agenda, NSCC, which was inspired by South Korea’s Saemaul Movement in the 1970s. The NSCC has provided more scope for local autonomy by focusing on the significance of local mass participation. In relation to this, in the next chapter, I will first briefly examine the background information about mutual collaboration among state and
rural residents through active participation with the help of education under the *Saemaul* Movement that were highlighted as reasonable promotion methods for the NSCC. Then, I will examine the Chinese mechanism and collaborations of the community-based ecotourism program, the accommodation and horseback riding business. In the end, I will examine to what extent community-based participatory poverty alleviation has worked in this area.
3 The Analysis of Community Participation as a tool for Securing livelihoods and Improving Local Standards of Living

3.1 South Korea’s Saemaul Movement in the 1970s as a possible “blueprint” for New Socialist Countryside Construction

China has achieved unprecedented economic growth through adopting a market-driven economy in the late 1970s. Nevertheless, growing income disparity between urban and rural areas has been regarded as a great threat to political stability since many rural villagers, who account for approximately 60% of the total population (according to 2007’s state statistics), have begun to turn to demonstrations and social protests (Hu 2011, 111, 222). The rural “mass incidents” range from “labour conflicts about unpaid wages of rural migrants workers, compensation disputes over rural land use, increasing rural tax burden to an ever-rising number of environmental and resource conflicts” (Büsgen 2006, 17).

The major goals of both the 2000 Great Western Development (GWD) and the 2006 New Socialist Countryside Construction (NSCC) were to develop the rural economy, and thus to contribute to a balanced regional development and to reach the xiaokang level - people who can enjoy a lifestyle similar to the average living standards of a middle-income country (Hu 2011, 218). According to Hu Shiqian’s study on comparative analysis between the NSCC and the Saemaul Movement \(^3\) (the New Community Movement), guided by South Korea’s president Park Chung Hee (朴正熙) in the 1970s, the CCP has attempted to learn from foreign models in order to find proper solutions for prevailing urban-rural disparity. The CCP has sent since the second half of 2004, many administrative officials and rural cadres to South Korea (hereafter Korea) to study the Saemaul Movement. Moreover, some Chinese local governments also aligned with the Korean local Saemaul Research Institutes or signed cooperation agreements with the support from the CCP (Hu 2011, 253). It was mainly

\(^3\) Saemaul is a combination of Korean words sae (새)- new and mau(마을)- village, and is translated into “the new community” in English. However, it seems that it is common to translate Saemaul Movement into (韩国)新农村运动 – New rural movement in China.
because the Saemaul Movement was regarded as a “successful” and “effective” government-initiative project for rural development, especially in terms of reducing the regional gap. Korea was a country that was considered to share a similar cultural background by many Chinese scholars and politicians.

Hu argues, however, that most Chinese scholars are still skeptical about adopting the Saemaul Movement as a benchmarking object for the NSCC. In other words, they do not think that it is plausible to emulate Korea’s historical past to promote the NSCC. It is because they have pointed out prominently different physical conditions between Korea’s and China’s rural areas (see Table 1.), even though the Saemaul Movement was led by a government with a strong authoritarian characteristic and politically attempted to prevent potential rural unrest which could be caused by growing urban-rural economic imbalances.

**Table 1. Different physical conditions between the Saemaul Movement and the NSCC**

<table>
<thead>
<tr>
<th></th>
<th>South Korea</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Political system &amp; time setting</strong></td>
<td>Capitalism / the 1970s</td>
<td>After 2006 / politically socialism but economically marketized *</td>
</tr>
<tr>
<td><strong>Physical condition</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population structure</td>
<td>High population aging due to migration to the cities / lack of labour sources</td>
<td>Even though high migration level, there are still abundant labour surplus</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>Homogeneous</td>
<td>Variable</td>
</tr>
<tr>
<td>Social class formation</td>
<td>Relatively simple</td>
<td>Complex</td>
</tr>
<tr>
<td>Agriculture system</td>
<td>Production style, type, scale (The combination of large-scale and small-scale farming) are quite similar</td>
<td>Regional differences in terms of production style, type, and scale (mainly small-scale farming)</td>
</tr>
<tr>
<td>Land distribution</td>
<td>Privatization</td>
<td>State-own</td>
</tr>
</tbody>
</table>

Source: based on Hu Shiqian (2011)’s research. p. 211

*Qiushi* (2010) Vol. 2, No.3 July, the CCP’s official magazine, Professor Pan Wei from Beijing University explained on the Chinese economic model. It is different from the Soviet economic model because it does not completely rely on “public ownership”. However, it is also not a market economy because it is not based on private property rights, and it is not classified as a social market economy as practiced in countries in western and northern Europe, because China does not have a high tax rate and high level of welfare. Moreover, it is not somewhat different from the East Asian model because it is not simply an export-oriented one.
Nevertheless, it seems that most Chinese researchers positively evaluate how the Park regime fostered the level of rural participation, and highlight the reconstruction of ‘modernized’ awareness through its education system. Their positive evaluations of Korea’s *Saemaul* Movement came from the idea that the rural movement could not achieve overall success without community participation. In other words, they have paid attention to the role of education for enhancing the level of rural participation, and mechanism of incentive structure, especially because it contributed to establishing mutual collaboration among central and local governments and rural residents (Qi 2010; Shi 2004; Liu 2008, March; Hu 2011).

The CCP and various Chinese researchers recognize that education for rural residents plays a crucial role in achieving public support, something that is essential for the success of rural development. Moreover, it is important to note that no matter which type of ecotourism they carry out, they emphasize the role of education. In the case of western ecotourism, the target groups for education are rather tourists/visitors since it attempts to minimize visitors’ impacts on the environment through education (Wearing and Neil 2009, 90-91). In the case of China, however, the education recipients in the process of promoting ecotourism are mostly rural residents. According to an interview with Lan Huiming, a head of Gongshan county tourism bureau, the content of education is mainly composed of stressing the importance of the preservation of forestry, how to serve tourists (mainly how to cook) and the maintenance of new sustainable facilities (biogas or solar energy panels).

Like the *Saemaul* model, the Chinese government attempted to mobilize mass-participation to maximize the effect of poverty alleviation in the rural areas. Consequently, the CCP provides more space for local autonomy and mobilizes participation of the local residents by ensuring the ‘proper’ financial aid. The local residents, in turn, were asked to participate in re-education programs to fulfill this agenda. The Park regime recognized the ability of rural residents in its ongoing propaganda campaigns that suggested that the main driving force of the *Saemaul* Movement does not come from the government, but from “local residents’ longing for a prosperous life” and emphasized the role of re-education for rural residents (Hwang 2006, 485).

Park stressed that the modernization of South Korea can be fulfilled mainly through well-conserved rural societies, which embody traditional wisdom and customs, not through complete westernization (Hwang 2008, 479). This approach runs, to a large extent, parallel with the concept of Chinese ecotourism that emphasizes the importance of cultural
conservation of rural ethnic minorities. Ironically, some parts from ethnic minorities’ culture, particularly their villages’ source of fuel (firewood), has been blamed for environmental destruction. Wu Yusong, head of the WWF Kunming office, points out that nature reserve authorities tend to regard local residents as “one of the greatest threats to forests and wildlife.” In this regard, conservation laws and related regulations in forestry often seek to constrain the access rights of local residents (Wu 2006, 166). That’s why it is significant to provide the local residents with a lot of training (education programs) in order to instruct them in the proper ways of natural resources conservation.

According to Lan, he and his staff first chose around five or six diligent and influential people from each village. They have provided “these influential people” with information concerning how ecotourism brings the benefits to the local people, and how ecotourism can change their standards of living. (Lan pointed out that if the local people are unaware of the benefits ecotourism can bring, it would be difficult to achieve the effective results. All in all, Lan said that the most challenging task to promote ecotourism projects in Gongshan and Bingzhongluo is to take charge of training programs for the villagers. He stressed the role of repetition of such training for rural residents to change their lifestyle or mind. That is why it is an arduous, time-consuming process (interview 26 October 2010).

Some of the training programs under the Saemaul Movement were to a certain degree related to protecting forestry. The Korean government focused on the reforestation of denuded forest lands with fast-growing tree species. Village leaders were trained to carry out reforestation activities through education programs. Under a slogan: ‘Forestation is patriotic,’ many villagers planted trees in the mountains near the villages (Lee and Lee 2002, July, 8-9).

The role of education under the Saemaul Movement was highlighted among Chinese researchers since it was seen to make a synergy effect of strong local involvement. However, education per se served only as a catalyst for the Saemaul Movement. One of the most important factors that contributed to the success of the Saemaul Movement was seen to be the mutual collaborative mechanism among the central and local governments and local residents. Kim Hye-jin and Hu Shiqian argue that it was possible for these three actors to lead to mutual collaboration through active community participation, because they could maximize their own benefits in this mechanism (Kim 2007; Hu 2011). Hu points out that it was important for the

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37 Prevailing work ethics took a large amount of training programs. Interestingly, the rural culture – laziness, despair and intemperance – was identified by the Park regime as the main reason behind slow economic growth in the rural areas (Han 2004, 74).
Park regime to ensure the support from the rural areas that could lead to the highest polls under elections. Moreover, for the central and local governmental staff, it was significant to lead to the success of the *Saemaul* Movement that was highly related to their own promotion and financial reward. From the perspective of rural residents, such tangible successes of the *Saemaul* Movement could motivate them to work harder and enjoy psychological rewards (Hu 2011, 229).

On the other hand, domestic Chinese tourism researchers have recently identified the ecotourism management based on active community participation at Yubeng village in Deqin county as a successful example of poverty alleviation in the rural areas. The rotation system, which is originally based on a traditional “meetings among heads of the households” (*jiazhang huiyizhi*), was envisioned as a result of collective discussion (集体讨论) and mutual agreement (共同协商). It has been politically supported by NSCC’s main slogan: *self-governance* (自治) (Guo 2010, 81). The tenure of local residents assured by the local community based participatory system provided them with considerable incentives to take local economic development into their own hands. In this concern, I will focus on the case study of Yubeng village to examine how Yubeng’s ecotourism management and collaboration contribute to securing their livelihoods and to enhancing their standards of living rather than focusing just on the functions of ‘catalyst’ education per se in Yubeng’s ecotourism activities.

### 3.2 Tourism Management in Yubeng

#### 3.2.1 Yubeng village

Yubeng village is located at the core zone of the Three Parallel Rivers World Heritage site. From the angle of the nearby mountain, Kawagebo (or Meili Snow Mountain), Yubeng is located at the bottom of Kawagebo on the Mekong side at the Deqin county, that is, the Deqing Tibetan autonomous region. This village is divided into two parts: upper Yubeng and lower Yubeng. Due to its beautiful natural view, Yubeng is called “the authentic Shangri-La.” Recently, they were able to use hydro-power electricity, but when I came to the village in October 2010 there were still no signals for mobile phones. The average annual household income in 1999 barely reached 13,000 RMB (approximately US $ 1,989). According to the

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38 1RMB =0.153052 US $ (accessed 15. April, 2011)
statistics from 2000, most adults in this village did not go to elementary school and could not speak Standard Mandarin Chinese (*putonghua*). Yubeng villagers, 98% of them Tibetan, were thwarted in their attempt to achieve one of the poverty alleviation projects - the modernization of the agricultural system due to a fragile quality of soil and difficult access to the village (even difficult for a tractor (*tuolaji*)).

Their major income used to come from planting wheat (*xiaomai*), and highland barley (*qingke*), but grazing animals and gathering mushrooms and Chinese herbs also played an important role in their daily lives. In this regard, a community-based participatory tourism (*canyu liyoutu*) model was envisaged as a chance to fulfill their wish to get out of poverty (Guo 2010, 78-80). However, the right to operate tourist facilities has been skewed to outside entrepreneurs due to local governments’ preferential treatment towards enterprises to continue attracting investment. As a result, a large part of the profits has been put in the hands of these entrepreneurs instead of local residents (Wang 2011, 120). In other words, market-oriented tourism has brought significant investment to local communities, but has made it more difficult for local residents to partake in the financial benefits. One of China’s unknown places for tourists, Yubeng, was rediscovered after several officially published reports about a mountaineering disaster on January 3, 1991. “17 Chinese and Japanese climbers were killed by an avalanche at Camp 3 at 5,100 metres during the morning of their final assault for the summit” (Litzinger 2004, 496).

According to a villager in Mingyong village, a neighboring village of Yubeng, people manifested the holiness of Kawagebo and became more in awe of this sacred mountain (interview 6 October, 2010). This mountain is now closed for climbing not because of the danger, but in deference to its religious messages (Jenkins May 2009). Since then, there has been a considerable increase in the influx of tourists into Mingyong and Yubeng. According to the 2009 annual report, issued by the state-owned Deqin Meili Snow Mountain National Park Development & Management Co, 21325 tourists had visited Yubeng during 2009 (Ge 2009). The local residents usually recommend that tourists stay in guesthouses in the village and hire residents as guides to nearby tourist attractions, such as glacier lake (*binghu*) and the holy waterfall (*shenpu*).
Moreover, the population of Yubeng has nearly doubled in recent years to over 150 people (34 households and 168 people in 2008) (TNC 2009 Annual Report). After the flourishing of rural “eco”tourism, Yubeng and Mingyong villagers do not need to seek jobs outside their own villages. They said to me that more youth are able to go to Shangri-La to study, and some of them decide to go to India (north of India where many ethnic Tibetan lives) to study, especially English. Many local residents were aware of the fact that most governmental infrastructure projects for promoting tourism tend to be driven by commercial objectives with little consideration for how they could benefit the poor. The local villagers I talked with in the Yubeng and Mingyong villages were proud of how their own organizations (self-organization) had succeeded in securing their livelihoods as a tool of reducing poverty.

3.2.2 The mechanism of rotating system in Yubeng

Many Chinese researchers, including Guo Wen, a researcher at Wuxi Institute of Commerce, has explored the background and outcome of Yubeng’s “rotating system” (lunliu zhì) as one of the representative villages. The major purpose of Chinese scholars’ research on the rotating system in Yubeng was to suggest lessons for sustainable development in rural areas (Chen and Yang 2009, 59-60). In the 1990s, the horseback riding business already took place in Yubeng, but in the early days, horseback riding was not directly targeting tourists. The Department of Construction would rather use the horses to carry the construction materials
into the scenic areas, due to the bad access for cars and trucks. The local residents in turn received remunerations for this work. In the aftermath of carrying out the horseback riding business for the tourists in the late 1990s, fierce competition for profits without any official regulation led to fist-fighting among local residents. In the end, a “rotating system” – an egalitarian way of managing profits – was introduced by the local leaders to relieve existing local tensions.

Most tourists who want to visit Yubeng village opt to visit Xidang village first and then ride horses to Yubeng via Nanzongyakou, instead of Ninong. It is mostly because of the distance and the “better” condition of the routes. Interestingly, when the tourists leave Yubeng village, it has been common to come back to Xidang via Ninong. It seems that every village takes a charge on their own horses or mules. As the secondary routes via Ninong embrace more villages, it could be a strategy for villagers to share the benefits with more villagers from different villages. When the tourists, for example, ride horses from Yubeng and arrive at Ninong, Yubeng’s horses immediately return to Yubeng without carrying any tourists. The same process continues to the last village, Zhalang before Xidang (Guo 2010, 80). In other words, the tourists who want to ride horses to Xidang have to change horses twice, and tourists cannot choose the horse or mule. This is because the management of horseback riding strictly relies on the “rotation system”. If 50 tourists come to ride horses during a day, every household is allocated one tourist, and 17 out of 34 receive the second chance to ride tourists. The next day, the 18th household is allowed to receive the first tourists.

**Table 2. The detailed information of the trekking routes in Yubeng**

<table>
<thead>
<tr>
<th>The trekking routes</th>
<th>Distance</th>
<th>Routes’ condition</th>
<th>Required time</th>
</tr>
</thead>
<tbody>
<tr>
<td>西当-南宗垭口-雨崩 (Xidang-Nanzongyakou-Yubeng)</td>
<td>18 km</td>
<td>muddy and rocky road, relatively narrow. From Nanzongyakou to Yubeng, most tourists experience altitude sickness, are highly suggested to go the routes on foot due to difficulty to access with horses</td>
<td>4-5 hour</td>
</tr>
</tbody>
</table>

39 According to a volunteer who conducted a survey concerning types of littering on the routes for the TNC, local villagers prefer to use donkeys rather than horses in reality. It is because the donkeys in general can carry more luggage and need less money to keep maintenance. However, the price of a donkey (approximately 10,000 RMB, 1,530 US$) is usually five times more expensive than that of a horse. That’s why the local people employ the mules instead.
Muddy and rocky road, very steep slope. Easy to get lost due to most roads not having clear routes. During summer time, these areas often suffer avalanches.

Relatively easy to walk. Strenuous walking because it is necessary to climb up to the hills.

Source: Guo (2009) p.79

Map 4. The map of the trekking routes

* On the map, there is an incorrect pinyin typing of the place name, “Ninong.” It says “Nilong”, but it is supposed to be “Ninong.”

It is likely that the “rotating system” was formulated based on the societies of ethnic minorities in western China, where most economic activities heavily relied on a network of reciprocity. A political scientist and anthropologist, James Scott, was one of the scholars who applied this term in his studies (Wang 2011, 113). In an economy of reciprocity, farmers

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40 The concept of reciprocity is used in anthropology to analyze the social relationships that exist in this pre-capitalist system. According to Wang, reciprocity stresses duties amongst groups of people and prioritizes maintaining long-term relationships (Wang 2011, 114).
focus more on minimizing risk rather than making profits because they are vulnerable to cope with formidable external risks (Wang 2011, 113-114). Another anthropologist, Stephen Goodman, points out that the economy of reciprocity is based on incommensurable values, which is against “the notion of a rational person who bases economic decisions on self-interest and calculation” (Leppänen 2010, 146). However, is it possible to operate a horseback riding business based on the rotating system solely guided by the economy of reciprocity, especially when we take into consideration that rural tourism has been heavily influenced by a market-driven economy?

Household-based accommodation (jiating jiedai) started in May 1998. 24 out of 34 households (168 people in 2008) had a capacity to operate a “family guesthouse” (jiating kezhan), but all households were able to provide food and accommodation service to the tourists during peak period (Chen and Yang 2009, 54). The rotation accommodation system has been formulated under the situation in which the state promotes a “harmonious society” and “New Socialist Countryside Construction” political agenda. The main function in this social contract has been to ensure to some extent the equal opportunity for participation. In other words, the rotation accommodation system does not aim to ensure the equalized income and assets. Thus, it is also consistent with the core of participatory poverty reduction, which regards the primary reason for poverty to be a lack of economic opportunity (Han 2011, 204).

It is likely that this family-based economy has also been influenced by the creation of the Household Contract Responsibility System. In Eastern China, the return to a small-scale agricultural economy that had been established before collectivization has prevailed. By contrast, in western China, this indicates a reconstruction of a new kind of economy based on the family as the production unit due to the absence of such experience of the small-scale agricultural economy (Wang 2011, 117). The economy of Yubeng village is indeed based on a kinship-oriented social network.

Until 2007 it was the case that if a household, which is supposed to receive tourists (lundaoahu), is not available to receive all of the tourists, the host of this household sends some of the tourists to the next household’s lodge. In this case, the host of the next household’s lodge (jiedaihu: the de facto household, which receives tourists) should pay back 50% of the lodging fee to lundaoahu. Moreover, if tourists do not want to stay in lundaoahu, they can choose another lodge. However, there has still been an acute discussion on the matter of how to manage the “rotating system”, and “rotating system” has been transformed in accordance with various claims. Yubeng villagers made a room for an adjustment of such claims by
organizing Jiazhanghui – the meetings with each head of household. Liu Xiangjun and Yang Guihua (2009) argue that the different understandings of traditional Tibetan moral value “fair(ness)” (gongping) among villagers stand behind the transformation of the “rotating system.”

During the first stage of implementing a “rotating system” in May 1998, most households did not have enough capacity to open guesthouses. They thought that it was unfair that only a few households took advantage of economic benefits, arguing that every villager shares the advantages generated from ‘spiritual mountain’. They argued that if the Yubeng village was not surrounded by the ‘spiritual mountain’ no tourists would be willing to stay there. In this regard, they claimed to receive half of the income generated from accommodation. However, those who had their own guesthouses, thought that it was unfair to pay back half of their income to the other households. They argued that when they built the guesthouses, no other households helped them to pay the construction materials and apparatus that cost over 20,000 RMB (approximately US$ 3,061).

Since 2008, it has for example not been necessary for jiedaihu to pay back more than half of the previous fee (25% of the lodging fee) to lundaohu. Moreover, jiedaihu does not need to pay back a part of the income from beverages and food. Probably the average price for food here is still quite expensive without even considering the difficult geographical access. It is mainly because jiedaihu will make a profit, taking advantage of such regulation (from one and half up to three times more expensive than average places in Yunnan). To sum up, the regulations for household-based accommodation have been transformed to be favorable for those jiedaihu that actually received the guests.

When I arrived at the entrance of Yubeng village in October 2010, a village/grassroot cadre and a station director (zhanzhang) of Yubeng village, who is dispatched from state-owned Deqin Meili Snow Mountain National Park Development & Management Co. (Deqin meili xueshan guojia gongyuan kaifa jingying youxian gongsi) was collecting 5 RMB (0.76 US $) from the tourists. They pointed out the information sign on collecting fees. It said the following:

**Notice on collecting the Yubeng Guest Management Fee**

All visitors who tour Yubeng villag[e] are asked to pay a guest management fee of 5 RMB. This fee goes to a collective fund to help us maintain a clean environment and orderly public spaces. Previously,
this fee was collected from guesthouse managers as part of lodging costs. To facilitate collecting this fees the Yubeng villagers’ committee has decided to collect the fee for each visitor’s first night here at the entrance to Yubeng. When you pay the fee, you will receive a ticket. When you show the ticket at a guesthouse, your host will deduct 5 RMB from your lodging cost for the date on the ticket.

It seems that each head of a household decided that the local cadre receive 5 RMB from the tourists instead of from households by raising the lodging fee. The ordinary villagers claimed that it was unfair that grassroots’ cadres gained so much profit from taking charge of the supervision and distribution of the rotating system. This was probably because they perceived village cadres as agents of the state that serve their own interests and not that of the village, as Hillman points out. That’s why the single household (danweilunliuzhiban or lunzhihu) began to take charge of distribution of accommodation instead of the local cadres in June 1998. However, since April 2005 the local cadres have started to work together with lunzhihu and even played a leading role in the distribution during the peak time. Since April 2007, several groups (every group is composed of four-five households) instead of a single household (lunliuhu has become lunliuzu) have taken charge of distribution (Liu and Yang 2009, 367). To sum up, local villagers attempted to avoid unnecessary conflicts among the neighboring households with the help of local mediators – local cadres and a collective mentality.

Liu Xiangjun and Yang Guihua assert that the method of income distribution in such community-based participatory tourism has exerted pressure on the level of fairness from “relatively fair” (xiangdui gongping) to “absolutely fair (juedui gongping)” (Liu and Yang 2009:368), but I do not think that it is plausible particularly in the mechanism of rotating accommodation. It is much more difficult to safeguard the equal opportunity for participation of the local residents in the family guesthouse business due to different conditions in terms of location, investments and reputation in comparison with horseback riding. The six out of thirty four guesthouses did not want to belong to the “rotating system.” Few guesthouses with relatively better facilities are indeed usually receiving tourists, and it is only peak time when all guesthouses are full with tourists (Chen and Yang 2009, 54). These six guesthouses accounted for 90% of the amount of tourists. The one household that recorded the highest

41 The lodging fee was 25 RMB (3.8 US $) per person in 2010 (the lodging fee was 20 RMB (3 US $) per person until 2008)
42 According to village surveys conducted in Shangri-La County in 2002, most rural poor pointed out that village cadres worked for themselves, not for the villagers (Hillman 2003, 551).
43 The peak time indicates the period of spring festivals, the labor day in May, and autumn holidays in the beginning of October.
income received 150,000 RMB (22,958 US $), which accounts for 19% of the total income of households. The polarization of income distribution still remains in the rotating accommodation system. (Chen and Yang 2009, 58). All in all, jiedaihu has gained more influence over lundaoahu in terms of controlling the ‘collective profit’ under supervision of both local cadres and lunzhizu – the group of households that rotate their role of distribution.

**Picture 3. Horseback riding business**

Left: Horses were waiting for the tourists in Xidang – area for horseback riding

Right: The tourists who wanted to go back from Yubeng to Xidang (the left one is the present writer)

However, how about the rotating system in the horse-riding business? It seems that it is much easier to ensure an equal distribution of labor remuneration in this kind of business than in the accommodation business. Li Huaiyin argues that the egalitarian ways of labor remuneration was only possible during the short-lived Great Leap Forward and the heyday of Cultural Revolution. Li notes: “What prevailed in the rest of the collective years, however, was a workpoint system based on piece rates or times rates, which linked a team member’s workpoints to the quantity or hours of his or her work for the team” (Li 2009, 344). I think that the rotating system in horse-riding to a large extent contributes to “a workpoint system” in terms of emphasizing a strong sense of group mentality. This is because the villagers, in the case of villages surrounding Yubeng thoroughly divide their jurisdiction areas and their turns to receive guests. In the next section, I will take a closer look at the rotating mechanism of horseback riding. Moreover, I will examine how the rural residents collaborate with international NGOs to cope with environmental risk, mainly generated from garbage.
The leader of the horseback riding committee (*maduizhang*), who is elected by local residents, is responsible for allocating horses and their supervision. However, managing the security of horses takes place under the surveillance of state-owned Deqin Meili Snow Mountain National Park Development & Management Co. (DMSN). The horses from the thirty four households take turns to receive the tourists. In other words, no household can receive the tourists without approval from the leader of the horse riding committee. If some households randomly receive tourists without any permission, they are forced to pay a fine and even miss the chance to receive the tourists next time it is their turn. It reveals that the leader of the horseback riding committee has overall authority over the management of the rotating system in the community-based ‘eco’ tourism.

Table 3. Income of households from self-organizing tourism in Yubeng village

<table>
<thead>
<tr>
<th>Year</th>
<th>Accommodation*</th>
<th>Horseback - riding</th>
<th>Per capita income in Yubeng village (only calculated by total sum of accommodation and horseback riding)</th>
<th>Per capita net income of rural household, Yunnan**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>1600</td>
<td>11478</td>
<td>600</td>
<td>540</td>
</tr>
<tr>
<td>2006</td>
<td>176000</td>
<td>12000</td>
<td>9000</td>
<td>2250***</td>
</tr>
<tr>
<td>2008</td>
<td>379460</td>
<td>11800</td>
<td>3102</td>
<td></td>
</tr>
</tbody>
</table>

Note: Unit: RMB

*The accommodation income source includes food, such as selling *Yak-butter tea*, and *matsdake*.


** China Statistical Yearbook 2010, p.364

*** This figure is from China Statistical Yearbook 2009 on its website.

The figure from per capita net income of rural households was based not on per person, but per household. Since I only found the data per household in terms of income from accommodation, horseback riding, all figures were divided into five (in 2008, there were 34 households, and 168 people. In other words, one household has approximately five people) to make them comparable with the data from per capita net income of rural household. Moreover, it is difficult to say that the income figures from accommodation, and horseback riding
truly indicate net income, based on these Chinese materials. However, only the income from accommodation and horseback riding were counted while per capita net income of rural households, which includes all sources of income, and one can see that the level of income generated by accommodation and horseback riding in Yubeng was still quite high.

3.3 Collaborations with NGO and Local governments and Limitations in Participatory Poverty Reduction

Indeed, the village committees in Yubeng and neighboring communities not only play a leading role in monitoring rural tourism and conservation practices, but they have also served as a crucial actor in organizing a garbage pickup program, partially funded by the TNC and implemented by the DMSN. The village committee facilitated in the implementation of a new hydro-electric system by collaborating with the TNC. As American sociologist John A. Zinda points out, the TNC plays a crucial role in promoting community tourism operations. TNC’s jobs entail assistance in the establishment of resident associations addressing community ecotourism and to assist these associations in networking with national and international tourism enterprises. TNC provided them with technical aid for the design of this system. The electricity comes from oil-barrel sized micro-hydropower generators when water from abundant glacial streams for faucet use is funneled (TNC 2009 Annual report) (See Picture 4.). Therefore, almost every villager uses bulbs to turn on lights in the houses, but the amount of electric power generated from this system could not reach the electric demands of other electronic home-appliances, such as TVs or refrigerators. Moreover, there were still no streetlights, so rural villagers and tourists carried their own flashlights when I stayed there in October 2010.

According to a station director dispatched from the DMSN, there were almost 20 kg of garbage per day and thus approximately 30-40 tons of garbage the DMSN had to deal with. He said that it was the most troublesome task he had. With the financial aid from NGOs and local government, the village committee hired some local villagers who took charge of garbage collection. They either carried one or two garbage sacks by themselves, or used mules and horses to carry them. They were paid approximately 300-400 RMB (45-61 US$) per day.
Left: The design of micro-hydropower generators have been inspired by typical Tibetan temples.

Right: The buses and mini-vans were allowed to travel on the roads under construction.

Indeed, the trails to Yubeng were much cleaner than those in the villages at Yuanyang (southeast Yunnan), where there has not been so much influence from international NGOs like in Yubeng. Moreover, there were several TNC voluntary groups, mostly composed of Chinese volunteers, who checked the amount and type of littering and sent related-reports to the TNC in order to analyze the impact of tourists. However, it is unlikely that the garbage problem has been generated only from tourists. Ironically, due to the increase of plastic made-supplies in the advent of development of rural tourism, local residents have been largely affected by this new type of plastic material. Before the 1980s when there were no plastic goods, it was not as noticeable on the trails even though the residents littered. In other words, they have internally made an impact on the accumulation of considerable amounts of garbage.

Another TNC volunteer, a lecturer at the Institute of Ethnic Studies, Yunnan University, He Lin pointed out the limitations of garbage management due to the considerable control of governmental administrative sectors. He said that the DMSN has taken an overall authority over the total management of garbage so that rural residents tend to litter more. In other words, if they could have taken their own responsibility for managing garbage, the amounts of garbage would be effectively reduced. This is because it could increase the level of
participation from the rural residents in terms of garbage treatment (interview 2 November, 2010).

The participatory poverty reduction model – self-organizing accommodation and horseback riding – has enjoyed greater success in terms of income growth supported by enormous amounts of state resources and administrative power and NGOs contribution. However, it ironically has many shortcomings due to the considerable governmental supervision. Han Wei points out that “the problem of poverty reduction funds being managed by multiple departments has yet to be addressed” (Han 2011, 210). Due to these multiple layers of ratification process, it takes considerable time to accept the plans proposed by villagers. Moreover, “insufficient government staff and their inadequate abilities” aggravate the slow process (Han 2011, 211). The station director in Yubeng said, for example, that rural residents wanted to build more public toilets on the trails to Yubeng and therefore sent the application to the local governments to ratify it three years ago, but it was still being processed. He guessed that it required extra time because Yubeng village belongs to “Three Parallel River Heritage Sites.” In order to avoid potential ecological degradations from “unnecessary” construction, any construction plan has to be investigated in the State Council (guowuyuan) (interview 6 October, 2010). As a result of environmental degradation generated by horses, the horseback riding business has been criticized, and indeed threatened due to the governmental decision to expand infrastructure – i.e road construction, and collaborative and market-oriented interventions.

3.4 Summary and Concluding remarks

The Chinese government has attempted to combat poverty by adopting and facilitating the participatory community-based tourism, especially in western China, including the Yunnan province. This article is based on the case study of Yubeng village, one of the prominent districts at “Three Parallel River Heritage Sites” (North-west Yunnan). The transformation of the approach to participatory poverty reduction through “eco” tourism occurred as a result of the promulgation of the political agenda, New Socialist Countryside Construction (NSCC), which attempted to find proper promoting methods from South Korean experience under the Saemaul Movement in the 1970s. The aims of NSCC and the Saemaul Movement were to balance economic growth between urban and rural areas to prevent unrest and strengthen the legitimacy of the governing regime.
Moreover, both the NSCC and Saemaul Movement attempted to counter the supposedly negative elements from traditional cultural values in the rural areas through re-education. The Chinese concept of ecotourism is similar, to a large extent, with the Western concept in terms of ultimate goals (environmental conservation and an improvement of local standards of living). However, it differs from the Western concept due to its specific understandings of ecological values (nature and culture being understood as one unity), although both of them stress the importance of education to enhance environmental awareness. As a result of promoting participatory poverty alleviation in rural tourism, which provides more room for local autonomy, the rotating system was rediscovered in Yubeng, and indeed many other places in the Yunnan province. This system emphasizes the guarantees for equal opportunities. The rotating systems under accommodation and horseback-riding have been adjusted to participants’ evolving demands. It turns out that it became more suitable for those who de facto receive tourists in their accommodations, but in the case of horseback riding, it is much closer to “absolutely equal.” The local participants divided their jurisdiction areas and imposed strict regulations for rotating. So we may say that, while the Yubeng ecotourism activities should be classified as profit-based market transactions, there are still strong elements of reciprocity-based communal cooperation involved. It shows that local economics may need a certain degree of a reciprocal relationship to complement the market mechanism.

The local cadres, governmental staff and local horseback riding committees have played a crucial role in supervising this management system. Based on the village committee, local residents have collaborated with international NGOs, such as The Nature Conservancy and local governments since they needed technical and economic aid and to facilitate community-based tourism. However, it is still a great challenge to establish participatory poverty reduction programs because of the absence of a substantial waste disposal site, and a lack of local initiative for trash management under considerable state-led supervision.
4 A New-State Owned Ecotourism Model, National Parks and their Impacts on Community-Based Participation – Focusing on Pudacuo National Park

4.1 The relation between the trails and horseback-riding

After the economic reform was launched in 1978, the transportation shortages and urban congestion impeded the growth in interregional trade mainly because of a relatively low level of investment in infrastructure in the 1980s. As a consequence, since 1985, there has been a growing investment in roads, especially well-paved roads, such as highways connecting to the richer coastal areas. From the 1990s, the CCP massively invested in road construction to build the “larger and quicker” networks in counties and townships and the cities. Accordingly, the expansion of roads was a main driving force in developing the western regions, particularly the mountainous topography of Yunnan. According to research undertaken by Shenggen Fan and Connie Chan-Kang, more than 200 projects were launched to improve transportation in western China (Fan and Chan-Kang 2005, 16-18). It is important to note that expansion of infrastructure was one of the key features of Chinese poverty alleviation plans since the mid 1990s.

Accordingly, it was not surprising that I observed the massive road constructions from Shangri-La to Deqin and small villages within Deqin, where the many domestic tourists want to go during holiday seasons. According to the villagers in Mingyong village at Deqin county, the construction of the highway to connect Shangri-La to Deqin started in March, 2010 and this paved road is supposed to be completed in June, 2011. The government expects that it will take only six hours to go from Shangri-La to Deqin. When I went from Shangri-La to Deqin in the beginning of October, 2010, it took almost twelve hours because of the heavy traffic jams mainly caused by narrow, rocky roads. Most informants in Shangri-La, Deqin, and Bingzhongluo pointed out that it is essential to have better transportation between the cities and rural areas, and within rural areas when it comes to promote tourism. However, a station director (zhanzhang) addressed both the positive and negative impact from building the highways as follows:
If the government builds the new roads, it probably contributes to improving the living standards of the local villagers. However, it will make an impact on the incomes of the villagers. As long as the construction of roads are finished, and then most tourists [prefer to] stay and have a dinner in the small cities surrounding Yubeng village. They will not stay longer in [Yubeng] village.

Yubeng and Mingyong are two of the few villages to be classified as rich areas in the Deqin county or even, for that matter of the entire Yunnan province. Most income for villagers in these regions comes from the self-organizing community horseback-riding business and accommodation business. The main reason for the flourishing horseback-riding business lies in unpaved, narrow roads, which have made it impossible for motor vehicles to connect from Xidang to Yubeng. Consequently, all tourists who want to go to Yubeng village have to choose either to walk four to five hours on the slopes or to ride horses instead. There is an interesting research outcome conducted by Fan and Chan-Kang in 2005: results revealed that “low-quality (mostly rural) [unpaved] roads have benefit-cost ratios for national GDP [especially in the field of agricultural GDP] that are approximately four times larger than the benefit-cost ratios for high-quality roads. Even in terms of urban GDP, the benefits-cost ratios for low-quality roads are much greater than those for high-quality roads” (Fan and Chan-Kang 2005, 46). They argue “high-quality” paved roads have a meager impact on the growth of agricultural GDP, while trails play a significant role in increasing the level of agricultural GDP. Moreover, “[unpaved] roads yield higher marginal returns to rural non-farm GDP than [paved] roads” (Ibid., 41). The roads that connect Minyong to Xidang, for example are in the category of “low-quality” roads, and there exists very little public transportations there.

However, as the number of tourists has increased since the 1990s or the beginning of 2000, the number of local villagers driving private mini-vans (baoche) has remarkably increased due to the absence of public transport. Those who live in either Mingyong or Xidang villages have provided “private” transportation service to tourists (Mingyong – Xidang, Xidang - Mingyong), and this contributes to increasing the income of households in these areas. However, it is still uncertain to compare the capability of creating jobs between “unpaved roads” and “paved roads.” Nevertheless, there is to a certain degree a connection between trails and horseback-riding business. As a result of environmental degradation generated by horses, the horseback riding business has been criticized, and indeed threatened due to a governmental decision to expand infrastructure – i.e road construction, and collaborative and market-oriented interventions.
4.2 The genesis of Pudacuo National Park model, as a replacement of “horseback riding”?

The Pudacuo National Park Management Bureau (NPMB) established by the Yunnan Forestry Department offers villagers 5000 RMB per year in compensation for their lost income from horseback riding. The NPMB argues that various kinds of flora are trampled on by horses. Since that time, the local residents have been encouraged to get involved in cleaning, bus driving, and interpreting in the Pudacuo National Park (PNP) that surrounds their village. A local man said that the PNP managed to replace the previous source of tourism income, such as horseback riding tours, around the areas’ wetlands.

However, the most substantial reason for envisioning national park models lies on considerable financial burdens caused by the maintenance of natural reserves. The main operator of natural reserves, the local government\(^{44}\), faces the financial burden of the reserves, and at the same time was struggling with local grievances due to forced massive displacement and altered the way of making a living of local residents as a result of strict environment protection policies. Luo Juchun and Zheng Jingming point out that “natural reserves in China are all strictly natural reserves in nature, whether large or small, belonging to the country of local governments” (Luo and Zheng 2008, June, 131). Therefore, the core zones and buffer zones in the natural reserves should be strictly protected and free from any kind of tourism development in principle. However, in reality, some management boards of natural reserves attempt to re-organize both core zones and buffer zones in order to change these zones into experimental zones (where proper exploitation is allowed and areas are open for tourists)(Ibid., 132). In other words, even though the CCP acknowledges that the ecological and environmental problems in the west could not be solved with market mechanisms, they could not avoid adopting it as a form of natural park model due to the financial shortage of the local government.

The national (forest) park model is the main alternative model for safeguarding both economic incentives and natural resources. Obtaining the national park label brings the local government prestige, more ecotourism opportunities, and guarantees fiscal support from the central government (Fritz 2009, 18). No wonder the natural reserve sites have become

\(^{44}\)Except for 226 national-level nature reserves, established by the central government, nearly 90% of nature reserves are managed by local governments (Luo and Zheng 2008, June, 131).
ecotourism hotspot areas for the national parks. The number of eco-tourists has rapidly increased at an average of 15% per year and the total income generated by ecotourism has increased approximately 19.7% per year. According to 2006 statistics of the Yunnan Forestry Administration, the direct income from Xishuangbanna, Gaoligong Mountain, Jade Dragon Snow Mountains (Yulongxueshan), and Lugu-Lake, Bita-Lake and Napa-Lake reached nearly 500 million RMB.

Based on provincial-level natural reserve sites, the Bita-Lake in Shangri-La, Pudacuo (Potatso) National Park was constructed as the first experimental project in 2006 (Zhang 2009, 19). It is located about 30km from Shangri-La in north-west Yunnan. The local governments borrowed the infrastructure of the national park administration from the US, but it has developed this to be suitable for China’s own situation. Most “nature” provided by US National Parks is somewhat regulated. The tourists of Yosemite National Park (USA), for example, are supposed to enjoy “various constructed views within which selected aspects of nature are presented” (Ryan, Hughes, and Chirgwin 2000, 151). Like other US national parks, Chinese national (forest) parks, including Pudacuo, have fire controls and wildlife management programs. However, in the case of China, only 5% of total land areas within national parks are allotted for ecotourism infrastructure projects and many local populations reside in these protected areas.

The TNC played a vital role in the formation of the PNP in June 2007 by legitimatizing the construction of a national park for the local government (Zinda 2011, 2). The TNC built an inner network within different (governmental) sectors, and provided funding and scientific expertise and knowledge of prevalent conservation practices. A PhD sociology scholar John A. Zinda asserts that TNC’s assistance associated with building interconnection to China’s tourism industries for the local government contributes to facilitating the transformation of the PNP to a state-owned company (Zinda 2011, 23). Zinda argues that the collaborative method (between NGOs and local governments) has attempted to achieve win-win solutions by bringing all stakeholders on board, and avoiding political complications that hampered previous conservation interventions (Ibid.).

It seems that conservation interventions through TNC’s support ironically made it easier for state operators to focus on their own vested interests instead (Zinda 2011, 25-26). Wang Xiaoyi points out that it is partly because “some local governments are more interested in
economic growth and therefore not keen on implementing policies to protect the environment (….).” Another factor is that some staff members in the supervisory departments want to increase department income. As a result, they “fulfill” their supervisory duties by imposing a fine instead of actually implementing the policies” (Wang 2011, 122).

Nowadays, the tourists in the PNP follow a set route, partly by bus and partly covered by wooden walkways, which were made of 100% imported timber from Finland for the sake of protecting domestic forestry. It was unlikely that the tourists generally have had contact with the local villagers (interview 12 October, 2010). Indeed, it reflects upon the meager role of rural participation under the PNP model.

4.2.1 The marginalization of rural participation under the PNP model

Luorong, the only village fully within the PNP became a target area for implementing community-based tourism activities, designed by Southwest Forestry College researchers with TNC’s financial support in 2008. This type of tourism activity has not been implemented mainly due to disapproval from The Pudacuo National Park Tourism Operational Company (TOC). As the NPMB has been placed in the same administrative rank as the TOC, the NPMB therefore could not fully control the TOC’s actions (Zinda 2010, 13). Zinda points out that the TOC, even the NPMB, simply do not have reasons to prioritize local community-oriented tourism activities at the expense of changing the highly profitable “bus tour service” for tourists to the local community-oriented tourism activities. He argues as well that local governments and state-affiliated firms were less motivated to raise human capital than physical capital (expanding infrastructure). As a result, the community development required intensive investments and efforts for educative training of rural residents who have been thwarted in the development of the PNP. According to research on PNP, rural households within and nearby the PNP received annual compensation repayments of 3.04 million RMB, which accounts for barely 2.6% of the PNP’s revenues. Due to the local grievances toward such low amounts of compensation, these repayments would be increased (Zinda 2011, 21-22). One of the most common works for villagers is a rotating collection of trash. Around 40 local residents have been in charge of the trash collection daily from 07:30 to 16:00. The salary for this job is 40 RMB per day (See Picture 5.).

However, it seems that average living standards of rural residents within and surrounding the PNP have been definitely improved and the monitoring systems for ecological protection in
the PNP are regarded as “well-managed” in comparison with other places in Yunnan. To sum up, due to being heavily controlled by market principles less participation of the rural residents has arisen in the case of the PNP.

**Picture 5. Pudacuo National Park**

Nevertheless, it is likely that compared to entrepreneur-driven management, the community-driven management has contributed to a degree to providing more space for ensuring benefits to the local poor, in that it encourages more local employment on the spot. Due to their financial problems for managing Xishuangbanna Biosphere Reserve (XBR), the main operators (the local government) of entrepreneur-driven management style at the XBR site, are willing to take over the management rights of private companies, even those whose headquarters are mainly located in other provinces. The management operated by outside entrepreneurs has been criticized for the fact that the local residents are not real beneficiaries.

Interestingly, I discovered that Chinese researchers use the term “community”-driven management to explain the operating system of the PNP. Under the “community”-driven management, the resources belong to the state and the authority for management are delegated at the Government Function Departments (*zhengfu zhinengbumen*). 10-20 governmental officers who have been dispatched from Shangri-La take charge of management of the PNP. Most revenue is composed of governmentally allocated funds and entrance fees (Sun and He 2001, April, 87). In the case of the PNP, the major income source also comes from ticket sales
As for historical or natural heritage sites, the entrance fees are usually very expensive from the prospect of domestic Chinese travelers. Instead of a concessions program with open bidding, a state-owned monopoly enterprise operates the PNP (Zinda 2011, 20).

### 4.2.2 National park model means less community-based participation?

However, it is still too early to make a conclusion that Chinese national park models would end up with “over-marketization” and thus community-based participation would not be taken into the considerations of the plans of Chinese national parks. When it comes to the ecotourism guidelines of the Laojun National Park, a one of eight Three-Parallel Rivers Heritage Protection Sites, it seems that they have stressed the increase of local participation through combination tourism and out-door sport activities. The Laojun Mountain National Park vice-manager, Wang Shihong said:

> Our current plan is to follow the example of the lake cycling race which was carried out in Qinghai province. [We] have built [infrastructure] for outdoor exercise within national parks, including cross-country activities on the mountains, tracking, climbing mountain, downhill, rafting. [The Laojun National] Park provides bicycles and canoes and kayaks for [visitors]. The [rental] costs belong to the entrance fee. … Taking into account the fact that [eco] tourists in China usually come with people in the same age group, we therefore plan to build up some outdoor camping sites such as a village camping site, forest camping site and mountain pasture camping site.

Wang expected that the local people can provide the guide service for group sports activities and pointed out that the primary operator of ecotourism projects – The Laojun Mountain National Park Management Bureau (Lijiang laojunshan guojiaoyuan guanliju) will provide rural villagers with the proper training programs to facilitate this process (interview 28 September, 2010). It is uncertain why the Laojun Mountain National Management Bureau wants to increase local participation or maybe it is because the staff of this ecotourism model have been deeply touched by the considerable potential of participatory poverty reduction? Or

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45 The entrance ticket fee was raised from 30 RMB to 140 RMB and if tourists wanted to ride a bus they had to pay 50 RMB extra in 2009. In 2010 when I was there, entrance fee and bus ticket were merged into one ticket fee, and thus everybody had to pay at least 190 RMB. By early 2009, over 1.4 million have visited the PNP and ticket revenues reached over 200 million RMB (Zinda 2011, 17).

46 According to the Laojun mountain national park vice-manager, Wang Shihong, Laojun Mountain National Park was partly opened for the public in October 2010, but it was still under construction. It is supposed to be fully constructed in 2012.
maybe it is because they learned from previous research on sustainable development that emphasized the role of rural participation in order to achieve success?

It is likely that the Laojun National Park model has upgraded previous ecotourism activities in north-west Yunnan by properly adopting both self-organizations of rural residents based on rotating systems and lucrative ways of increasing fiscal revenue in the market-oriented national park model. Unlike the case of the Pudacuo National Park, it facilitates to intercommunicate with both tourists and local residents during out-door sport activities in that it empowers rural residents to provide the tourists with self-organized extra services. Meanwhile, it still maintains the operating methods of market-oriented mass-tourism, especially in terms of the amount of tourists. The primary revenues also come from selling entrance tickets.

4.3 Summary and concluding remarks

The large-scale expansion of infrastructure has served as a crucial tool of reducing poverty. However, the lucrative local-based tourism services in trails remain a question due to whether or not the massive scale of infrastructure construction is truly a more effective way of alleviating poverty. The national park model was mainly introduced to deal with a financial shortage of maintaining natural reserves, and to relieve acute social tensions. The conservation NGO, The Nature Conservancy plays a key role in interconnecting dispersed governmental sectors to promote and facilitate the national park model. However, in the case of the first national park model, the Pudacuo National Park, the many state-driven agencies associated with operating the Pudacuo National Park tend to neglect the importance of local participation because of the high priority of market-oriented criteria. As a result, all tourists have limited access to communicate with local residents under “well-planned” bus tours.

Nevertheless, as it is revealed in the Laojun National Park model it is still too early to make a conclusion that the Chinese national park model does to a large extent disvalue the role of local participation. Although the primary income of the Laojun National Park model lies still in selling entrance tickets, state-led Laojun National Park operators tend to promote local participation by combining several out-door activities into ecotourism programs. Moreover, it emphasizes the education of the local residents to enhance the effectiveness of poverty alleviation under implementation of “updated” national park model.
5 Financial Aid for Nongjiale – an Alternative Way to Microfinance?

In order to play an active role in securing and improving their standards of living, it is worthwhile to examine how the Chinese peasants have received the loans, especially from the microfinance programs, which are designed for the rural poor. In this regard, the purpose of this chapter is to explore the mechanism of microfinance programs, and examine to what extent such microfinance programs facilitate rural tourism – nongjiale in the villages at the Three parallel Rivers.

5.1 Historical background of microfinance in Yunnan, China

The CCP’s promotion of microfinance and the advent of the Rural Credit Cooperatives

The CCP promoted microfinance, the practice of providing particularly poor people small amounts of loans, “and other financial services such as savings for self-employment projects that generate income, allowing them to care for themselves and their families,” as part of a government scheme for poverty alleviation in 1993. The major special feature of microfinance compared to other poverty alleviation methods is that poor clients are empowered to make decisions about how they use money to improve their livelihoods (Lau 2008, 3,15). In other words, microfinance schemes were theoretically designed for the “poorest of the poor”, those who would otherwise be completely dismissed by the commercial and other financial systems. Moreover, these schemes are generated from the idea that poor people have the potential to improve their own lives (Tsien 2000, 77-78). The historical background of the promotion of microfinance tied to poverty alleviation in China could not be understood without mentioning the Agricultural Bank of China (ABC). ABC played a leading role in the agricultural sector of China. It took the heavy burden of dealing with the financial services for the peasants’ loans for agricultural development. It was the sole organ that was responsible for the poverty relief fund. During the mid-80s, ABC ended up with

47 The definition of microfinance comes from contents of Microcredit Summit in 1997,(Ishida et al. 2010, 280).
48 According to a document published by an American organization – The Microfinance Gateway’s PlaNet Finance, it says following: “The Agricultural Bank of China is the only one of the “Big Four” that has ventured into small-scale microfinance services, and these have been offered at a subsidized interest rate with low recovery and low sustainability.”("Rural Credit Cooperatives in China” June, 2005)
heavy debts, particularly due to “heavy losses incurred by state-owned grain purchasing enterprises.” As a result, poverty alleviation was put as the least important item on the agenda, even though it was one of the top political priorities of the CCP (Lau 2008, 8-9). In 1996, the Rural Credit Cooperatives (RCCs)\(^49\) were detached from the ABC and converted into a “cooperative financial organization” with rural laborers as share-holding members with the intention of having them democratically manage their interests. RCCs are regarded as “the most likely formal financial institution to develop micro-finance components which are located in virtually every township in China, often with branches at the village level” (Park, Ren, and Wang 2003, October, 10).

In June 2003, RCCs program was restructured by the State Council with a guidance of reform programs as follows: ("Rural Credit Cooperatives in China" June, 2005) (Park, Ren, and Wang 2003, October, 11)

1) To clarify the ownership structure and strengthen corporate governance for the RCCs

2) To transfer the administrative responsibility to provincial governments, and resolve prevalent financial burdens by rationalizing lending across regions and diversifying risk - the transformation of the RCCs into Rural Commercial Banks, Rural Cooperative Banks based on successful experiments of counties in Jiangsu, and the establishment of county-level consolidated structures made up of multiple township-level RCCs (township-level local associations) as independent accounting units.

The RCCs have experienced several reforms in terms of internal management that is operated by three types of systems: share-holding system (gufenzhi), share cooperative system (gufen hezuozhi) and cooperative system (hezuozhi). The CCP decided to launch the cooperative system to operate the RCCs in the provinces of western China, including a few agriculture based provinces in eastern coastal regions. The prominent feature of cooperative systems is that the county-level government plays a leading role in taking charge of managements,

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\(^49\) The Chinese term for the RCCs is 农村信用合作社.
formulated by cooperative actors. The cooperative system was regarded as a proper way of dealing with “three-rural issues” (sannong wenti) and an effective way of achieving its goal.

**The essential differences between Chinese microfinance model and Bangladesh Grameen model**

Based on the know-how of the Grameen Bank model of repayments of loans, the Yunnan province was one of three pilot provinces that experienced microfinance program in China including Hebei and Henan in 1996. The RCCs methodology for programs which provided rural households with small loans to build up a credit rating system and establish a credit file system, have been regarded as similar to that of the Grameen Bank model. Both Grameen Bank and its founder, Muhammad Yunus were awarded the Nobel Peace Prize in 2006 in Norway due to its “successful” model for combating poverty. What is particular about this bank is that it has employed a range of innovative ways of ensuring repayment of loans through *group-lending*. However, the Grameen microfinance model has been recently criticized for high interest rates (up to 200%) and its group-based harsh default system by several voices in the Norwegian and international media. These two factors got a sizable poor minority trapped in a spiral of debt. The Grameen Bank microfinance program can be generally carried out under a NGO type scheme. However, the main grant agent of microfinance loans in the Grameen Bank is the state, not NGOs as the Grameen is largely owned by the state. Like Bangladesh microfinance programs, the Chinese microfinance programs are mainly orchestrated by the state, although the NGOs usually take an initiative in these programs.

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51 Sannong literally indicates three Chinese words, which start with nong-character. It refers to agriculture (nongye), rural areas (nongcun) and peasants (nongmin) (Lee 2006, 1). It seems that the three-rural issues indicate the problems the peasants encounter since the regional disparity has been growing. Li Zhou and Hiroki Takeuchi point out that “satisfying the loan demands of 200 million scattered small households in rural China is one of the most difficult issues in the sannong wenti.” (Zhou and Takeuchi 2010, 323)

52 The Grameen Bank in Bangladesh was created by Muhammed Yunus, and its loan discovery model is based on “group lending” – “The Grameen model requires that lendees form mutual assistance groups of five households. If one household defaults on a repayment, the others must come to the defaulters’ rescue” (Tsien 2000, 78).

53 According to Norwegian official media, NRK’s documentary program, ”Brennpunkt – Fanget i mikrogjeld” (getting trapped into micro[finance]’s debts) reveals how approximately 400 million Norwegian Kroner, approximately 400 million Norwegian Kroner that Norwegian Agency for Development Cooperation had donated to, had improperly been transerred to the Grameen Bank.
LiLian Lau points out that the Grameen Bank is lauded for its good work for maintaining financial self-sufficiency, but the research on the effects of microfinance towards poverty alleviation reveals that many microfinance institutions have tended to focus on ensuring their own financial sufficiency at the expense of devoting their work to poverty alleviation (Lau 2008, 12-13). In this regard, Lau argues that it is appropriate to apply for the level of operational self-sufficiency, instead of financial self-sufficiency to measure the success of microfinance in terms of poverty alleviation and sustainability. The microfinance programs driven by an NGO (The Nature Conservancy) and the RCCs to a large degree rely on subsidies from the government according to Park and Ren’s study (2001). Therefore, these Chinese microfinance programs are not financially sustainable, but thanks to subsidies, they manage to maintain average annual interest rates of 8 - 16 %, which is lower than the level NGOs consider sustainable – 20-32 %. The interest rates in the Grameen bank have been 26 to 31 % (Eraker 2010).

**TNC’s Green Village Credit (GVC) program**

The RCCs were referred as the micro-financial institutions “which were roped in to provide energy linked consumer credit and income generation support to rural communities in the project area” together with local government organizations associated with environmental protection, poverty alleviation and renewable energy development (Mohanty 2010, July, 10). To further investigate this, I will examine the Green Village Credit (GVC) initiative, driven by the TNC. The TNC’s GVC program is more closely intertwined with state-owned RCCs even if the TNC cooperated with a local NGO (Green Village Development Center), and other local government agencies such as forestry, poverty alleviation and civil affairs bureaus. It provided local residents with household credit to purchase better quality sustainable energy systems, and a loan for initiating income generating activities that would lead to the generation of sufficient income for repaying the loans in United Nations Development

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54 Operational self-sufficiency indicates the ability of the institution to generate enough revenue to cover operating costs, while financial self-sufficiency refers to whether the institution is dependent on subsidies to operate” (Lau 2008, 12). In other words, operational self-sufficiency focuses on the amount of revenue to secure the institution’s activities, while financial self-sufficiency emphasizes where the money comes from to operate them when it comes to the evaluation of its sustainability. As long as the operational money is composed of repayments from the local loan recipients, not from external actors, such as other organizations, it fits the criteria of financial self-sufficiency. The Asian Development Bank (ADB) stresses that microfinance institution need to achieve both operational/institutional self-sufficiency and financial self-sufficiency to maintain their sustainability (being financially sound) (Lau 2008, 12).
Programme (UNEP) China Rural Energy Enterprises Development (CREED)\(^55\) (Mohanty 2010, July, 4).

The GVC provides local villages with two types of credit: firstly, household credit to purchase high-quality sustainable energy systems; and secondly loans for activities and projects that generate income by using new and improved energy services (TNC’s annual report 2009). Since 2004, the GVC projects have been implemented in eight villages of Naxi, Tibetan, Lisu and Bai ethnicities in Deqin county, Diqing prefecture, and Yulong county. These projects disbursed 371,000 RMB (56,844 US $*\(^56\)) to 85 member households of the Liguang Association, 450,500 RMB (68,944 US$) to 51 member households of the Haixi Association, and 1,182,000 RMB (181,111 US$) to 91 member households of the Shitou Association (TNC2008, 31). The GVC programs ended in 2010.

The TNC’s strategy for generating GVC project loans from the RCCs was to cover the interest expenses and transaction costs (administrative, management, overhead and out-of-pocket costs) incurred by the RCCs. However, it is important to note that the TNC was in reality more dependant on the full subsidy to alternative energy model, generated by the government, rather than subsidized credit, provided by the RCCs in order to operate the GVC projects. It is because the TNC could avoid “unnecessary” competition with other microfinance providers (mostly referring to informal lenders) and prevent a *crowding-out effect*\(^57\) because it makes all other transactions less competitive (Mohanty 2010, July, 13-14).

To sum up, the key to understanding microfinance in China has to do with the state’s intention for poverty alleviation. Unlike the other poverty-alleviation methods, the microfinance model, originally formulated by M. Yunus and Grameen Bank, acknowledges the potential capability of the rural residents by giving them an opportunity to develop their own business. The early stage of microfinance programs operated by the ABC in China encountered heavy financial problems. The RCCs have played a crucial role in implementing microfinance programs. In the aftermath of several reforms, the cooperative system was introduced to deal with an internal financial crisis in the western parts of China, (including the Yunnan province). The

\(^{55}\) The CREED program was envisioned to facilitate the usage of alternative sustainable energy models such as energy-efficient stove, solar water-heater and biogas facilities among low-income groups who have used inefficient burning of large quantities of wood. The target groups were composed of those who did not have money to install such equipment or could not afford to pay higher implementation costs due to living in remote areas. There were also other international NGOs and organizations such as *E+Co – Energy through Enterprise* (an American-based international NGO:http://eandco.net) and UNEP got involved in CREED program.

\(^{56}\) 1RMB =0.153  (http://www.xe.com/ accessed 20.April,20)

\(^{57}\) In economics, the crowding-out effect refers to any reductions in private consumption or investment that occurs because of an increase in government expenditure.
cooperative system was considered as a proper way of dealing with “three-rural problems” and as a quicker way of achieving the outcome with a high degree of guidance from the local county-level government. This section addresses the focus of the study area: The GVC program, which is highly embedded into state-owned RCCs. Through taking a closer look at the GVC program, it reveals that the Chinese microfinance model would be less financially sustainable than the Grameen Bank model, but the former would be more helpful for more local poor people due to lower interest rates than that of the latter model. In the next section, I will examine in detail how the TNC’s GVC program manages to maintain such low interest rates. Before delving into this matter, I will first demonstrate the reasons why the informal lenders have a comparative advantage in maintaining the provision of loans to the local residents.

5.2 The key factors to manage the lower interest rates

The formal lenders
The TNC gives a loan, approximately 10,000RMB to local people with an interest rate of 5% per annum. It is not so surprising that TNC has heavily relied on governmental subsidies to operate the GVC for the sake of maintaining such an unprecedented interest rate. Jin Tong said that it is common for the bank to set a 7% interest rate and it is difficult for the local villagers to get a loan from the normal banks in China. Li Zhou and Hiroki Takeuchi point out that it is not so easy for the local villagers to receive a loan from the formal lenders.\(58\) It is mainly because the local villagers did not fulfill the criteria that the formal lenders require. Firstly, almost all peasants do not tend to record their financial transactions, and even though many local entrepreneurs keep their financial record books, the contents of them are often inconsistent. Secondly, the local peasants face the lack of appropriate collateral. The lists of potential collateral that they may provide such as land, a house, labor and agricultural machinery do not verify as proper collateral from the formal lenders’ perspective. Third, most of the local peasants have borrowed money for “nonproductive uses” such as ceremonial occasions, education, and health problems. In short, the formal lenders, including the RCCs,

\(58\) The formal lenders indicate lenders whose workers have been employed exclusively by the financial institution and its branches for its business activities, which perform financial activities under the oversight of the financial authorities. By contrast, the informal lenders refer to “all the lenders engaged in financial activities without the government’s approval.” Zhou and Takeuchi put the RCCs into a category of formal lenders because the RCCs have been regulated and monitored by the government although the RCCs have been officially established as informal lending institutions (Zhou and Takeuchi 2010, 303-304).
have been reluctant to provide a loan to the local peasants, and have suffered from serious financial problems due to inefficiency and the accumulation of deficits as a result of the central government’s “forced” lower interest rates (3-4 %).

The informal lenders
By contrast, the informal lenders, who often live in the same village as borrowers and are farmers at the same time, have taken advantage of their role of providing loans to the rural villagers in these situations where formal lenders have been reluctant to take the risk. Based on the long-term personal relationships, and village community networks, it is to a large extent easier for the informal lenders to figure out the level of borrowers’ capability of repayment. Moreover, the criteria of lending money has been formulated based on the strength of the lender’s trust in the borrower rather than a borrower’s formal credit record. Taking unconditional collateral of the borrowers, the informal lenders play an active role in interlinking with other market activities. The reason why informal lenders emphasize “small loans” is because most informal lenders do not have sufficient financial resources and have not received the political support from the central government. The regime’s skepticism about informal lenders comes from the historical background – China’s rural areas have been depicted as a place where a lot of usury from the local lenders has taken place (Zhou and Takeuchi 2010, 312-319).

TNC’s strategy: adopting the superior elements of the informal lenders and high dependency of governmental subsidies and their limitations
According to Jin Tong59, the local association organized by the local people and local NGOs takes a charge of profits from the borrowers. The loan recipients usually use 3000RMB to buy the either solar panels or biogas. They can invest 7000RNB to set up their own business (Interview 29 October, 2010). All in all, it seems that the TNC has an advantage from adopting the mechanism of the informal lenders – the local (Green Village) Associations to overcome the difficulties the normal formal lenders face, and the governmental subsidies. Consequently, the TNC has managed to set lower interest rates. Another important factor is that although China’s microfinance system (indeed the financial system in general) has been formulated based on formal lenders60 and the RCCs account for more than 90% in terms of

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59 Jin Tong is affiliated to Golden Monkey Conservation Team, Kunming office of the TNC.
60 According to Zhou and Takeuchi, China has never had a financial system based on informal lenders since 1949.
the money that is lent to rural residents in theory the informal lenders have in practice played a significant role in providing (micro) loans to the rural residents by means of cooperating with NGOs since 2006. There was a time when the Chinese central government legalized informal lenders, and has loosened regulation of rural finance, probably influenced by the promulgation of NSCC in 2006.

To sum up, many Chinese governmental projects associated with sustainable development (from the prospect of improving their standard of living) to a greater degree, depended on governmental subsidies under the NSCC, but in most cases of the Saemaul Movement, especially in the early stage of Saemaul Movement, by contrast, most projects heavily relied on individual expenditure (individual loans) even though both the Korean and Chinese agendas were orchestrated by the governments (see Table 4). I chose the data from the Hayongduri village in South Korea since this village was regarded as one of “successful case models” by the Korean government (Kim 2007).

**Table 4. Hayongduri village in South Korea under the Saemaul Movement**

<table>
<thead>
<tr>
<th>Year</th>
<th>Individual expenditure</th>
<th>Governmental subsidies</th>
<th>Other financial aid</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>81 (66.4)</td>
<td>41 (33.6)</td>
<td></td>
<td>122 (100)</td>
</tr>
<tr>
<td>1972</td>
<td>273 (84.6)</td>
<td>36 (11.0)</td>
<td>17 (5.2)</td>
<td>326 (100)</td>
</tr>
<tr>
<td>1973</td>
<td>769 (80.0)</td>
<td>171 (17.8)</td>
<td>21 (2.2)</td>
<td>961 (100)</td>
</tr>
<tr>
<td>1974</td>
<td>840 (63.3)</td>
<td>308 (23.1)</td>
<td>180 (13.6)</td>
<td>1,328 (100)</td>
</tr>
<tr>
<td>1975</td>
<td>1,288 (42.5)</td>
<td>1,653 (56.9)</td>
<td>18 (0.6)</td>
<td>2,959 (100)</td>
</tr>
</tbody>
</table>

Source: (Kim 2007) p.74

I argue that such differentiation in terms of the amount of governmental subsidies depends on whether the state prioritizes “economic growth” or “social stability.” In other words, in the case of South Korea in the 1970s, the rapid economic growth took precedent over maintaining social stability, however it is likely that maintaining social stability for the sake of preventing

This is because the development plan was skewed to industrialization during the Maoist period, and even the post-Mao period, formal lenders have monopolized channels of financial resources and services in rural areas and make capital flow from the agricultural to industrial sectors and from rural to urban areas (Zhou and Takeuchi 2010, 319-320).
potential social unrest is the highest priority, especially in rural China. Paternalist features are typical for left-oriented authoritarian corporatist regimes. In such cases, the government legitimizes its domination over society through partially re-distributing surpluses in the form of state aid to the weaker groups. To sum up, the South Korean corporatist structures were guided by a development-oriented regime, which dominated the bulk of large conglomerates. These conglomerates, in turn were allowed to dominate the Korean economy under the Park regime (Unger and Chan 1993, 40). In the case of China, meanwhile, the authoritarian regime has been using a left-oriented authoritarian corporatist approach. Thus, social stability has been highly prioritized.

Although TNC managed to set the relatively lower interest rate and to minimize the risks thanks to considerable governmental subsidies and benefits from local-based informal lenders, it still contends with defaulters. Unlike the TNC’s official report, which demonstrated 100% repayment rate in the first phase of the GVC projects among Haixi, Liguang, Xidang, Xinren in 2007 (TNC2008, 31), the loan recovery rate was low (seven to eleven percent) in half of the target areas where some poor rural households had opted to avail of solar water heaters form the RCCs’ loans, according to the TNC’s internal report. As a result, the TNC did not intend to initiate any further action until the loan had been fully recovered. The evaluation conductor, Brahmanand Mohanty suggests the reasons why there has been a low repayment rate: Mohanty points out that one of the important reasons lies in the fact that local villagers who installed the solar water heater by providing the loan from the RCCs through the GVC activity, thought that they did not need to pay back the loan since the local government decided to distribute the solar water heater facility to every household for free afterwards. However, Jin Tong, a TNC staff at Kunming office believed that the local GVC recipients have depended on a simple way of generating income, such as to buy more livestock, which did not to large extent play a role in generating enough money to pay back the received loans.

In short, rural residents have had limited access in receiving the microfinance loans from formal lenders because most of them could not be qualified in terms of the “strict” criteria of the formal lenders. The informal lenders, however, target the niche market by interconnecting both rural borrowers and NGO credit operators. It is mainly because the informal lenders enjoy a comparative advantage to figure out the borrowers’ capability of repayment, based on long-term personal connections, and because the CCP decided to loosen the control of growth of informal lenders since 2006. TNC’s GVC programs are to a large extent based on the “formal lender” RCCs in theory, but those programs have depended on governmental
subsidies and contributions from the informal lenders in practice. As a result of this complicated operating system, the GVC program “ironically” provides the local borrowers with a relatively low interest rate while minimizing the financial losses. Nevertheless, TNC is not totally free from the financial problems due to the low loan recovery.

The major limitation of Brahmanand Mohanty’s evaluation report (2010) is a lack of detailed information on how the local GVC beneficiaries have used their loans, and with which type of income-generating activities they managed to repay the loan. It briefly said that in the first stage of the GVC project, few local villagers were willing to participate in the GVC due to the uncertainty of its effectiveness, but more villagers became interested in the GVC thanks to the spreading of information of the successful cases in the target village. However, it clarifies the important role of RCCs to promote the GVC project and to understand the system of Chinese microfinance. In this regard, it will be worthwhile to address how the local residents take advantage of the RCCs’ and local lenders’ system, and how it works to facilitate one of the most well-known income-generating activities, nongjiale, which refers to a representative Chinese version of rural tourism.

5.3 The concept of nongjiale and the mechanism of operating nongjiale by a case study in Bingzhongluo

Nongjiale is a vernacular term of typical rural tourism and literally refers to places where you can “enjoy yourself in farmers’ families.” The rural tourism - nongjiale in Chinese - actually started in the 1980s, led by a governmental poverty alleviation policy aiming at reducing regional inequality. The economic growth in rural areas was generated mainly from non-farm industries, particularly rural enterprise. However, many rural areas have begun to suffer from economic stagnation as a result of the decline of rural enterprises. Moreover, the rural-urban socio-economic gap, which was to a large extent narrowed during the first half of the 1980s, has begun to considerably widen again due to the astonishing economic growth in China’s urban sectors. In the case of southwest China, including Yunnan, the concept of nongjiale, originally formulated by the experiences of western rural tourism and Taiwan’s successful cases, has quickly spread over inland China focusing on Chengdu, a capital city of Sichuan province.61

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61 Chengdu is regarded as a proper place to develop nongjiale due to its tradition of leisure and rich agro-tourist
The genesis of *nongjiale* also reflects upon the social transformation in post-Mao China. Many Chinese urban upper-middle class people travel to the countryside for the sake of pleasure and leisure, where peasant families host them with homemade meals and lodgings. In response to meeting urban tourists’ convenience, *nongjiale* operators were mostly adjacent to major Chinese cities. Consequently, most urban tourists do not need to stay overnight. Most *nongjiale* provide some type of recreation: “playing *mahjong* (a popular strategy game in China) and cards, drinking tea, enjoying flowers, and picking fruit. Others offer fishing, Karaoke, table tennis, billiards, children’s slides and seesaws, etc. The cost is generally 15-25 RMB (about US $ 2-3) per person per day, including lunch, dinner and tea. But prices are 25-35 RMB (about US $ 3-4) when the fruit [mostly peach] is ripe and guests can pick and eat fruit freely at the *nongjiale*. These low prices attract tourists for repeated visits” (He and Li and Wang 2004, 260).

**Picture 6. Nongjiale-lodgings**

![Left: nongjiale-lodging in Dimaluo  Right: nongjiale-lodging in Zhongding](image)

The development of *nongjiale* has been accelerated as a result of Hu Jintao’s slogan under the NSCC, which seeks to modernize rural areas, and improve rural standards of living in urban areas since 2006. It was also a result of the promotion of tourism in the countryside resources (He, Li, and Wang 2004, 260).

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62 Park Choong-Hwan points out that the growth of *nongjiale* tourism industry has been impressive. Although nation-wide statistics are not yet available, the number of *nongjiale* farm guesthouses throughout China must have reached at least one million in 2008 (Park 2008, 1). The most common activities in *nongjiale*: “住农家乐、吃农家饭、干农家活、享农家乐” (Staying at peasant’s house, eating peasant’s food,
from China National Tourism Administration (CNTA) in response to forging the NSCC since 2006. In the tourism campaigns in the countryside, *nongjiale* has been depicted as a traditional, authentic, healthy, and eco-friendly tourism (Park 2008, 1-2). As a result, more urban citizens have been encouraged to go to further remote areas, and *nongjiale* operators in the remote areas provide extra local tour service such as guides for tourists. Moreover, they provide accommodation and entertainment for the governmental officers who have been dispatched from the upper governmental areas to carry out the NSCC activities. In this sense, the usage of *nongjiale* has been extended.

In this chapter, *nongjiale* villages in the Bingzhongluo township, Gongshan county will be discussed since Bingzhongluo is one of the prominent target areas among the frontier regions in north-west Yunnan for the NSCC and has rapidly increased the *nongjiale* activities by receiving 8 million RMB (2003-2008) in governmental aid for promoting rural tourism.

### 5.3.1 Gongshan county and Bingzhongluo township

The author of *Yunnan – China South of the Clouds*, Jim Goodman introduces Gongshan and Bingzhongluo as follows:

This is the last frontier in Yunnan, the most remote and least accessible county in the province. A hump of territory extending west of the Nu River into the space between southeastern Tibet and northern Myanmar, Gongshan County has two distinct halves. The eastern half comprises the upper reaches of the Nu-River and its flanking mountain ranges – Biluoshan on the left bank and Gaoligongshan on the right bank. The watershed crest of the latter neatly divides the county. The Dulong River valley runs down the middle of the county’s western half, with the Dandanglika Mountains forming the boundary with Myanmar …The Nu-River enters Gongshan from Tibet and flows southeast past Bingzhongluo, the northernmost township, and literally makes loops nearly all the way around the two ‘toes’ of Biluoshan – low elevation tablelands that jut out from the base of steep mountains southeast of Bingzhongluo.

Even though it seems from the map that it is reasonable to go to Gongshan from Deqin, there are no bus routes between them. When I attempted to go to Gongshan and Bingzhongluo, I had to go from Deqin to Dali, and then transfer to a bus from Dali to Liuku and then from Liuku north up to Gongshan. Amazingly, it took almost three days to go there by bus in 2010. According to the official report of the Gongshan county government in 2008, however, the
construction of a new road between Deqin to Gongshan has already taken place, along with relatively smaller-scale road to interconnect several villages within Gongshan county. The establishment of small, middle scale hydro-electric power plants and a mining industry that produces 600 tons of iron per day have served as positive economical factors in Gongshan (Li 2008). The historical background of expanding small scale hydro-electro power plants lies in the replacement of slash-and-burn agriculture on the slopes of the canyon toward terrace farming (Goodman 2009, 456-458).

In 2007, 20 out of 50 nongjiale [households] have been allocated in Gongshan county at Nujiang provincial conference for rural tourism development. The local households which will operate nongjiale in Gongshan county submitted an application for 20,000 RMB subsidies to the Gongshan Tourism Bureau (GTB), and GTB in turn decided which 20 households are appropriated to run nongjiale, based on management capacity. Here are the nongjiale stipulations of GTB (Sun 2010, 48).

1. The target areas of nongjiale – Jiasheng village, Qunatong village and Zhongding village (Zhongding village was designated as a model village). Most of villagers are Catholic- all villages belong to Bingzhongluo township.
2. Nongjiale implementation requirement:
   a) Fundamental facilities: water, electricity, paved road, TV, telephone, garden and orchard, toilets
   b) The nongjiale architect design based on culture from Dulong- Nu-minority
   c) Accommodation capabilities: restaurant, rooms, entertainment rooms
   d) After the construction brigade finish construction work, the local households can pay back construction expenses
   e) Every nongjiale household must contribute their own workforce to the construction, and the construction materials for nongjiale (i.e. timber, cement) are purchased by households.

Finally on the first of May, 2008 the Gongshan local government started to implement 20 nongjiale households, providing them 20,000 RMB. It turned out that GTB’s requirement b)

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63 Every 20 households have to follow nongjiale construction style, created by GTB.
64 It was not enough to operate nongjiale solely with 20,000 RMB, provided by GTB. However, GTB could not provide more financial support than 20,000 RMB due to its limited budget. As a result, local residents had to pay back some part of construction expenses, especially for construction materials.
(Dulong, Nu minority culture based architect style, mainly built of a bunch of thin bamboo strip and timber) failed to be fulfilled by local nongjiale proprietors. Seven out of nine nongjiale proprietors at Zhongding village built their guesthouses with cement and bricks instead, arguing that they could not afford to buy expensive timber for construction. Only two nongjiale proprietors said that they barely managed to build the guesthouses by frugally using timber.

The soaring price of timber has been closely tied to forestry conservation policy in the aftermath of registration as Three Parallel Rivers World Heritage site in 2003. The local governments have strictly controlled the usage of timber and hunting. According to the interview with an officer at Bingzhongluo government, only during July to September are the local residents with an official certificate allowed to cut the trees. Three forestry inspectors frequently come to Zhongding village to ensure that they are cutting down permitted types of trees. The shortage of timber for local villagers has led to “helping” outside timber dealers who attempt to seek quick and huge profits by selling imported timber from neighboring countries to the local villagers (Sun 2010, 50-51). The local residents at Jiasheng village, which is located near a stream, have taken advantage of their “superior” local condition. They collect wood floating in the stream, then dry it and use it for firewood. By using this frugal method, they reduce the consumption of timber.

5.3.2 To what extent can promoting the usage of sustainable facilities contribute to facilitating nongjiale? – focusing on biogas generators

According to an interview with a nongjiale household at Zhongding village, the villagers and his family members have built a new guesthouse beside their house spending ca. 20,000 RNB. The subsidies from the local government have been used for buying the blankets, bulbs and plates. This house takes advantage of solar energy panels. The biogas facilities have been used to make food meanwhile wood-saving stoves, and solar-energy panels provide the households with effective heating.

65 The owner of Aluo Guesthouse at Dimaluo argues that the Tibetans do not have a hunting-culture and plays a minor role but hunting has played a significant role among Nu-ethnicity and Lisu minority. Therefore, if local governments do want to protect the wild animals, Nu-ethnicity, and Lisu minority would be strongly opposed to such a governmental decision. He points out that that’s why the Tibetan culture has a comparative advantage in terms of promoting ecotourism (interview 24 October, 2010).
The owner of this *nongjiale* household said that thanks to solar energy panels, they can take a hot shower and provide hot water for travelers. They have biogas facilities but they do not use them anymore because the biogas could not come out. That’s why they started to use methane gas to make food instead. Not all rural residents at Bingzhongluo have relied on methane gas to cook, and many of them are still dependent on traditional *indoor fuel burning*.

According to the research by the Global Environmental Institute (GEI)66 *Biogas Work in Western China*, conducted by Emmy Komada in 2008, a three-person household burned an average of five tons of wood per year. Moreover, she stressed the negative influence from such indoor air-pollution generated by burning firewood/biomass by quoting material from The World Health Organization (WHO); “over 1.5 million deaths per year, over 400,000 of which occur in China alone, with women and young children by far the most affected groups”(Komada 2008/2009, 88).

The local informants at Bingzhongluo indeed acknowledged the fact that both biogas facilities and wood-saving stoves contribute to saving time for women to gather fire-wood (most women take charge of gathering wood) and for men to cut the trees, and to saving money due to a reduction in wood-consumption.

Although dually reasonable and environmentally sound, swapping cooking systems to biogas generators has generally been challenged in the developing countries. Komada pointed out that the governmental subsidized rural biogas initiatives had failed in the past due to large-scale based insufficient maintenance and a lack of local involvement. Nevertheless, Komanda argued that biogas, itself has contributed to decreasing the needs for rural people to exploit their environment to support their livelihoods. In this concern, Komada praised the contribution of the GEI to facilitate participation from the local farmers in terms of investment in biogas tanks. Similar to the GVC program of the TNC, the GEI provided a kind of microfinance loan with the local farmers who were willing to install biogas tanks, based on local cooperatives/associations. Komanda pointed out the GEI initiative financing of the biogas system was “the first instance of China’s rural farmers successfully acquiring loans from their local bank, which has enjoyed high returns in the two years since the fund’s establishment” (Komada 2008/2009, 86-88).

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It is intriguing how the GEI managed to have such a high repayment rate, but I could not find the detailed information about my question in Komada’s report. Moreover, how about the case of villages in Bingzhongluo? I did not observe that biogas facilities were operated by a large-scale maintenance there. I heard from the local residents that the local governments launched the implementation of biogas generators with technical aid from outside experts. Nevertheless, I could not find any substantial materials to figure out to which degree the local residents took a loan to install a biogas facility and what percentage of the local villagers have received “free-installation” of such sustainable facilities at Bingzhongluo county. However, it is obvious that the local government agency, such as the GTB, took an initiative to implement such sustainable facilities. According to the official report of Gongshan county in 2008, the local governments had invested 27.41 million RMB for the sake of implementing nature protection projects. They had built 556 new biogas facilities, and 1,500 wood-saving stoves during 2003-2008. In other words, it did not seem that it was difficult for rural residents to implement the biogas tank if they wanted to. Nevertheless, not only did the head director of the GTB, Lan Huiming, but also most informants at villages within Bingzhongluo think that promoting the usage of biogas had failed. Lan believes that it was mainly because the local people continued to cut trees to cook food. The rural residents meanwhile, argued that it is much more complicated to maintain biogas facilities than solar energy panels although the installation price of a biogas facility is much more reasonable than solar energy panels.

Apart from the complexity and difficulty of use, why do rural residents keep the traditional way of making food at the expense of buying or gathering firewood? The anthropologist Britta Victor attempted to find the reasonable answers regarding the failure of promoting “sustainable” stoves from their cultural meanings of “fire”. The biogas facilities in Bingzhongluo have a similar function as food-making with the “sustainable” stove in Victor’s research. Victor asserts that the new sustainable facilities cannot “perform the same crucial tasks” that traditional facilities did (Victor 2011, 75-79).

I was fortunate to have an opportunity to observe a funeral ceremony at Baihanluo village nearby Bingzhongluo, Dimaluo. Most rural residents are Catholic-Tibetans. Like Bingzhongluo, Dimaluo district is also under the jurisdiction of the GTB. Unlike Bingzhongluo where several households had a capability to operate nongjiale, there was only one household that could provide the tourists with accommodation. Even fewer households

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67 贡山独龙族怒族自治县人民政府工作报告
took an advantage of biogas and even solar panels. Many residents at Dimaluo would work as trekking guides, instead of operating *nongjiale*. After the ceremony, I observed that the indoor-fire place plays a crucial role in uniting the local villagers. The family that lost the family member served *shuijiu* (水酒) - yellow color-rice liquor and *xiala* (local language, transcribed by pinyin) - cooked liquor with chicken to the local villagers that were sitting around the indoor-fireplace. Moreover, I observed that many households that kept using the traditional indoor fuel burning and used the smoke to preserve the meat that was hanging over the fireplaces.

In the neighboring village of Zhongding, Jiasheng village at Bingzhongluo, there was only one household that has taken advantage of using biogas even though in total 26 households installed 50 biogas facilities. The woman in this household said that her husband is relatively well-educated, and thus knows how to repair the biogas facilities. She said that the most common problem the rural residents encounter is to control/check the leakage of biogas from the pipe. She and her husband frequently check if there is leakage by putting some water in the pipe. She said as well that the other twenty-five households have not been qualified to use biogas, and guessed that other rural residents thought that it was too bothersome for them to check the leakage or did not know how to repair the facilities. Interestingly, even her household still kept the traditional indoor fuel burning. When I visited her house with Sun Fei, she asked us to sit near it and keep warm. She usually used the fireplace to treat guests and to show them her hospitality.

All in all, it seems that the most viable place to implement such sustainable facilities that could provide tourists with “modernized” accommodation is Zhongding village among villages in the Bingzhongluo township. It had much better capacities in terms of roads and standards of living there. Nevertheless, the social function of “indoor fire burning” was one of the main reasons that many of the rural residents in the Bingzhongluo township, even villagers at the richer district of Zhongding, would not easily replace their traditional way of cooking. I believe that Victor’s arguments concerning the challenges of implementing sustainable facilities are also valid in the case of the villages surrounding Bingzhongluo township.

As a result, it is still difficult to find the close connection between the spreading of sustainable facilities and facilitating *nongjiale*. In many cases, the households surrounding Bingzhongluo did not tend to use sustainable apparatuses to promote *nongjiale* even though it seems that
many domestic and international NGOs have attempted to generate more loans for the local residents in order to encourage them to finance the new, sustainable facilities through collaborating with local governments and governmental agencies, such as the GTB. It is likely that the financial aid from the local governments for both physical sustainable apparatus and re-educating programs (i.e. the maintenance of biogas facilities) for the sake of launching “sustainable tourism” by utilizing new sustainable facilities are still to a large extent unsuccessful. How about the distributions of financial subsidies and subsidized credit, especially generated by Gongshan county Tourism Bureau towards the rural residents simply to promote nongjiale itself? Which groups are the main beneficiaries, and why? To what extent have such nongjiale programs, promoted by “considerable” governmental financial aid, contributed to improving the standards of living?

5.3.3 The mechanism distributions of the GTB financial aid and the impacts on the government initiative nongjiale

Zhongding village
Zhongding village is the most well-known site of nongjiale for a steady stream of backpacking tourists who stay at local guesthouses (Zinda 2010, 13). There are nine guesthouses there that received financial aid from the local governments. Eight out of nine guesthouses were established in Zhongding with TNC’s assistance (and five more in nearby villages), but currently only four regularly take visitors, with a single guesthouse receiving the vast majority. A handful of guesthouses in nearby villages have also received assistance. In 2008, Zhongding village was designated as “娱乐休闲度假示范村 (model village for entertainment and leisure)” - and “和谐文化村 (harmony culture village).” In a response to a designated “model village”, a nongjiale at Zhongding – Delamu guesthouse was one of three places (GTB, Bingzhongluo township local government, and Delamu guesthouse) chosen as “leading collective groups” (先进集体). Two out of four individuals who play a leading role (先进个人) came from two nongjiale operators at Zhongding as well (besides a head of GTB, a secretary of Bingzhongluo local government). As a result, Zhongding village received more financial aid from Nujiang prefecture government. (35,000RMB – 10,000RMB as a model village and 25,000 RMB for facilitating nongjiale) (Sun 2010, 49-50).
Even though Zhongding villagers have the advantage of receiving more financial aid from the government thanks to several local villagers who have political affiliations (close interactions with relevant government departments), it ironically put fetters on their role model for other villages, even their own local neighbors within Zhongding. A female nongjiale operator was, for example, not satisfied with the loss of her own cultivatable land in the name of promoting nongjiale and designation of harmony culture village (和谐文化村). She said that the governmental subsidy of 20,000RMB did not cover the cost of her land. However, she could not help providing her land to this governmental project because her father works in the local government (Sun 2010, 52).

Samuel P.S. Ho and Y.Y. Kueh’s study on sustainable economic development in south China reveals that “the loss of farmland from urbanization and rural non-government has become a serious problem and poses major challenges to local communities in their attempts to manage their most precious natural resource, land.” They argue that the misused farm-land has been a result of “under-priced” and administrative-driven allocation of land, rather than through competitive bidding (Ho and Kueh 2000, 12). However, local residents who had a strong tie to the local governments or have high social positions enjoyed the privileged free-interest loan, generated by Gongshan county Tourism Bureau as a subsidy program.

The subsidy program was launched by Gongshan county Tourism Bureau (GTB) in order to promote nongjiale in 2002. Since then the five local nongjiale households from different villages received up to 50,000 RMB interest-free loans. According to the contract between local recipients (households) and the head of GTB, local recipients were supposed to repay principal within three years (until 2005) but two recipient households had not repaid yet, however these households claimed that they have repaid the loans (Sun 2010, 47).

As shown at Table 5., most of the recipients of free-interest loans had either higher-positions in their villages or were tied to local government. All four recipients who received 50,000 RMB had internal “debt” relations with the GTB. Even though it seems that they were offered an excellent remuneration from the GTB, it turns out that it was a kind of give and take relation between them.
Table 5. The five village proprietors to obtain loans

<table>
<thead>
<tr>
<th>Nongjiale / Village proprietor</th>
<th>Amount of interest-free loan</th>
<th>Description</th>
<th>Embedded “debt” relation with GTB</th>
<th>Detail information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zhongding A</td>
<td>50,000 (US $ 7,616) *</td>
<td>A is an old village leader. A’s son, A1 is a head of Zhongding, and governmental secretary. A’s daughter, A2 is holding a position at the government reception department. GTB was in debt 169,000 RMB (US $ 25,742) to A1, who got involved in road construction. Even though the deadline of repaying interest-free loan was already over, A did not repay the loan.</td>
<td>A frequently receives the governmental staff, and the most profitable nongjiale. A1 was detached from A and became a “harmony culture village” and provides foods and beverage.</td>
<td></td>
</tr>
<tr>
<td>Zhongding B</td>
<td>50,000</td>
<td>B is a retired cadre, and younger brother of A. B was a chairman of representative committee (renmin daibiao dahuide zhuxi) at Bingzhongluo. Now B is a leader of senior associations (laonian xiehui).</td>
<td>Even though the deadline of repaying the interest-free loan was already over, B did not repay the loan.</td>
<td>B operates nongjiale. At the same time, B runs brick (construction materials) production.</td>
</tr>
<tr>
<td>Dongfeng C</td>
<td>50,000</td>
<td>C was a group leader of Dongfeng village (neighboring village of Zhongding). C’s son-in-law has been a principal of an elementary school at Bingzhongluo. GTB was in debt of 520,000 RMB (US $ 79,207) to C when GTB built roads and snow-mountain observatory etc.</td>
<td>C did use the interest-free loan, which was distributed to facilitate nongjiale, for another usage.</td>
<td></td>
</tr>
<tr>
<td>Jiasheng D</td>
<td>50,000</td>
<td>D was a director of Jiasheng village, and secretary of village party branch. Now an official at Bingzhongluo government. GTB was in debt 54300 RMB to D when GTB built roads and basket ball playground at Jiasheng</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jiasheng E</td>
<td>17,000 (US $ 2,589)</td>
<td>E ran nongjiale during a short time, but E gave up the operation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In 2002, the GTB carried out to build infrastructure to facilitate tourism industry in the Bingzhongluo township. The GTB invested over four million RMB to make signs for entrance and exit at the toll stations of scenic areas, toll stations and mural wall for Puhua-temple, public toilets, art-performance centers at Shungal and Zhongding village, renovation of the Catholic church at Zhongding and construction of the Yudong hotel at Bingzhongluo. However, the total sum of investment was much more than the amount of revenue offered by the investment plan from Yunnan financial administration. The GTB was in arrears with providing approximately three million RMB in salaries to the construction brigades (Sun 2010, 10-11).

Due to such repayment problems, the head of the GTB was dismissed and the GTB itself ended up getting involved in lawsuits. The GTB asked several times for financial help from local (county) governments and raised the revenues by setting a higher price for the entrance fee (it was increased from 50 RMB to 100 RMB) and in 2009 sold the Yudong hotel at auction for three and half million to a person from Dali (Sun 2010, 12). When I walked around the supermarkets (chaoshi) and snack-bars (xiaochidian), I observed that all owners of these shops were not the local residents, but either Bai-minority or Han Chinese from Dali or Lushui. Sun Fei told me that there was one rice-noodle snack-bar operated by a local resident, but it shut down. The owner of a snack-bar (Han Chinese from Dali) said to me:

“The villagers in Bingzhongluo were very shy to sell their products, so they put their stuff [on the ground] and waited the customers from a long distance. They do not usually have a strong business mind.“

To sum up, these five beneficiaries were some of the big stakeholders in this infrastructure process in which the GTB played a leading role. As a result, they were in turn privileged by the GTB in term of distribution of loans. The majority of community villagers did not have the economic or political capacity to operate nongjiale at that time and were isolated from such benefits. Moreover, the majority of those who have managed to do business are either associated with political affiliation or outsiders with relatively longer tourism experience (i.e. Dali).
Limited roles of nongjiale programs in terms of improvement of local standards of living

Most households who operate nongjiale at Zhongding, did not think that they have enough money to run nongjiale. Due to the financial shortage, they hoped that they could take advantage of several interest-free loans as well. The local woman from the only household officially approved to operate nongjiale at Qianatong village explained to me how they received 20,000 RMB. She said that local governments gave them subsidies for managing tourism, (20,000 RMB), but they did not actually give them the money. Instead they bought some accommodation necessities, such as 15 blankets, one refrigerator, and 40-50 plates for local nongjiale proprietors. She believed that all the facilities they received from the governments do not cost more than 10,000 RMB (Interview 25 October, 2010). Indeed, the GTB has controlled the distribution of subsidy (tongyiguanli-统一管理) because it is probably easier to figure out the transactions of subsidies (Sun 2010, 49).

Those who could not afford to run nongjiale due to the financial shortage, have started to provide food, and dance performances. It became quite common to hire local neighbors when the “few well-managed” nongjiale households need extra help. The owner of this nongjiale has usually provided them (extra help) with 30 RMB. In the case of Zhongding village, local villagers organized the Gawagapu-performance group, which is composed of both 10 men and 10 women. All members are under 34 years of age. Due to the fact that most women go to other places either to do part-time jobs or to get married to people from different places, there were some members who were just 21 years old. Every time they make a performance for the government staff, they receive 20-30 RMB per person, but if they entertain the tourists, every person can receive 50 RMB. In the case of those who (six out of twenty) frequently entertain the guests, they earn approximately 5000 RMB per year. It seems that nongjiale provides not only the tourists but also the government staff, especially those who were dispatched from the central government, with accommodation. During peak holiday seasons, all nongjiale households are usually busy with serving food, accommodation and entertainment to the tourists while there has been only one household in Zhongding that has frequently received tourists during low seasons. It has been even almost the same for treating “unseasonal” government staff. These nongjiale managers have earned over 10,000 RMB during the peak times. A newly opened nongjiale guesthouse, which opened in 2009 in a nearby village has earned over 8000 RMB for two months during the periods of the spring festival, and net-
income reached up to 5000 RMB. The other households who run the nongjiale based on small-size lodging usually earn over 3000 RMB during the spring festival season.

However, the price of vegetables and fruits in Bingzhongluo has been very high because almost all vegetables and fruits have been imported from Baoshan and Dali. Consequently, those small-lodge operators were not satisfied with the amount of profit generated from nongjiale due to the high costs of food. According to data provided by the Bingzhongluo county government in 2009, average net-income of rural households in Bingzhongluo was 1283.7 RMB.\(^6\)

I had limited access to data concerning the average income of the small-scale nongjiale operators per year, but when we take into consideration that most small-scale nongjiale operators usually earn money only during the peak seasons coupled with the high cost of ingredients, the net-income of small-scale nongjiale in Zhongding village would not be much higher than the average net-income of rural households – 1283.7 RMB at Bingzhongluo county.

**Table 6. The price of commodities in Bingzhongluo and Dali**

<table>
<thead>
<tr>
<th>Place</th>
<th>vegetable</th>
<th>Fruit/watermelon</th>
<th>Fish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bingzhongluo</td>
<td>8/kg</td>
<td>4/kg</td>
<td>9/tiao*</td>
</tr>
<tr>
<td>Dali</td>
<td>2/kg</td>
<td>1/kg</td>
<td>2-3/tiao</td>
</tr>
</tbody>
</table>

Unit: RMB *Tiao is a measure word for fish.

Sun Fei points out that rural tourism industry has influenced the transformation of economic structures, but it has not prominently contributed to the growth of income in the villages. It is because many development projects were just one-off projects without any follow up, and external entrepreneurs have been to a large extent reluctant to invest with local villagers due to the high risk involved. Sun stressed that even though the local governments have shortcomings that make few of the privileged villagers enjoy more loans, they have played a crucial role in securing small funds in order to promote local nongjiale activities.


5.4 Summary and conclusion remarks

Microfinance, created by M. Yunus and Grameen Bank in Bangladesh, was introduced as a new approach to poverty alleviation in China. Contrary to the current critiques toward high interest rates in the Grameen Bank, the Chinese microfinance system has managed to maintain a much lower interest rate, and therefore this system is more beneficial for the local poor. As the Chinese representative micro-financial institution, the Rural Credit Cooperatives went through several reforms of internal management to overcome financial difficulties. Among the three different management systems of the RCCs, the cooperative system was implemented to effectively solve the prevailing three-rural problems in western China. The county-level government plays a key role in the supervision of driving methods, suggested by several collaborative actors.

Since the aims of implementing the RCCs embrace poverty alleviation, environmental protection and renewable energy development, this chapter delves into the Nature Conservancy (TNC)’s Green Village Credit programs (GVC), which have been highly tied to state-owned RCCs. The GVC provides both household credit to buy new technology sustainable-energy systems, such as solar panels and biogas tanks and loans for local based activities that contribute to making synergy effects by utilizing these new sustainable energy facilities. It reveals the fact that the TNC relied on the full subsidies from local government as well as contributions from informal lenders, than subsidized credit, rather given by the ‘formal lender’ RCCs. Through these strategies to operate the GVC programs, the TNC could curtail the crowding-out effects, financial losses and at the same it could provide a micro-finance loan with much lower interest.

The concept of nongjiale refers to a vernacular term of typical rural tourism and the main target areas for nongjiale have been the districts of western China. Since the 1980s, nongjiale has attempted to combat poverty, to minimize regional inequality and to modernize the conditions of rural, remote areas by increasing the amounts of domestic tourists. The development of nongjiale has accelerated with the advent of the political agenda: New Socialist Countryside Construction, which has imparted the message that nongjiale is a traditional, authentic, healthy, and eco-friendly tourism. As a result, many Chinese urban upper-middle class people have found it attractive to travel to the countryside, in which peasant families host them with home-made meals and lodging for the sake of pleasure and leisure.
As one of the prominent frontier districts of combating poverty through promoting nongjiale, the several villages surrounding Bingzhongluo were chosen to examine to what extent the governmental subsidy, 20,000 RMB for promoting nongjiale, contributes to improving local standards of living. The Gongshan county Tourism Bureau (GTB) has played a primary role in distribution of this governmental subsidy to 20 households. In order to easily figure out the influx of subsidies, the GTB has controlled the distribution of subsidies. The GTB provided the local nongjiale operators with some accommodation necessities that were ‘supposed’ to cost approximately 20,000 RMB, instead of the actual money. The ‘strict’ forestry conservation policy has worsened the price of timber. Consequently, it hampered for most nongjiale operators to fulfill one of nongjiale’s implementation requirements: that is the construction of the nongjiale-guesthouses/lodgings based on Durong and Nu-minority traditional architecture.

Furthermore, I have examined to what extent the usage of new sustainable facilities can serve to facilitate nongjiale business by focusing on the usage of biogas tanks. According to Komada’s research, the governmental subsidized rural biogas initiatives had failed in the past due to large-scale based insufficient maintenance and a lack of local involvement. Even though it is economically and environmentally sound to implement the biogas tanks, it still has several shortcomings with regard to the crucial social functions of the traditional indoor-fuel burning. As a result, it is unlikely that most households who live around Bingzhongluo have relied on the biogas tanks although the implementation of such biogas has provided them more opportunity to receive loans from the collaborative sustainable programs.

The local villagers from Zhongding have the advantage of receiving more financial aid from the government since Zhongding was registered as a model village for nongjiale. The reasons behind such registration lie in the several local villagers who have political affiliations (close interactions with relevant government departments) and much better conditions for developing nongjiale in terms of transportation and lodgings’ capacities. Ironically, because of their ‘role model’ status, the local villagers in Zhongding surrendered their lands to the local governments in the name of promoting nongjiale.

Nevertheless, all beneficiaries of free-interest loans from the GTB were the few big stakeholders who had been involved in building infrastructure, and either high social positions or strong political affiliations. Since the GTB encountered the serious financial problems such as a considerable amount of arrears for construction barricades because of the unfeasible plans
for building tourism infrastructure in 2002, it appeared that few big stakeholders who experienced considerable financial loss were in turn privileged by the GTB in terms of distribution of free-interest loans. In the end, I examined the limitations of nongjiale programs in improving the locals’ standards of living. Most nongjiale operators have been marginalized when it comes to enjoying the free-interest loans. Because of the higher price of vegetable and fruits, many local residents who have worked for nongjiale associated services have not enjoyed large amounts of profits. Moreover, the absence of several follow-up projects and longer tourism experiences beg the questions whether nongjiale programs truly contribute to improving the locals’ standards of living.
6 Conclusion

This thesis has offered a contextualization and investigation of poverty alleviation and ecotourism in the Chinese context, using a World Heritage Site, The Three Parallel Rivers, as a case study. The central government’s effort at environmental protection through imposing ‘strict’ conservation regulations, especially a logging ban in the remote rural poverty-stricken areas, inevitably triggered conflicts between local governments who have generally prioritized development and local residents that lost their main staple of the local economy. Taking into account the vast population of China (promoting domestic tourism) and revitalizing the local economy, ecotourism in China has been developed in the rural areas on a large-scale. It emphasizes ‘leisure’ elements in the cultural varieties and colorfulness from the ethnic minorities, and thus it has led to focusing more on the conservation of culture rather than conservation of natural resources. Moreover, the consequent weakening of the state’s presence in the countryside has led to the growing autonomy at the township and provincial level.

As a result, it made it possible for local villagers to develop the local initiative of self-government programs in the villages, and at the same time made possible local cadres’ (local governments) profiteering activities and abuse of power through the multiplication of surcharges and fees imposed on the villagers (Li 2009, 352-353). In this concern, this thesis examines how the local villagers institutionalize their own self-governing “eco” tourism activities, and explores to what extent they optimize the community benefits by minimizing external threats (the market-oriented economy’s risks and misconduct by local cadres). Thus, the research focuses more on the mechanism of locally initiated tourism activities in terms of securing their interests of local residents rather than on the capability of Chinese ecotourism activities to reduce poverty per se.

The thrust of the study is three-fold: an analysis of community participation as a tool of securing livelihoods and improving standards of living; a description of how new state-owned ecotourism models influence local community-based participation; thirdly an analysis of the functions of government funding for promoting sustainable development and its impact on nongjiale, a vernacular term for a typical type of rural tourism and literally refers to places where you can “enjoy yourself in farmers’ families.”
This concluding chapter addresses the relation between the research questions and findings through three analytic parts. Lastly, I will reflect on the theoretical implications of the study.

6.1 Main results

**Self-governing ‘eco’ tourism activities and the role of community participation**

Recently, the CCP has promoted community-based participation in western China where tourism has been regarded as a proper way of revitalizing the local economy. The strict forestry conservation regulations, coupled with promoting community-based participation, have led to the formation of self-governing ‘eco’ tourism activities. Moreover, the central government and local governments rediscovered the value of mass participation to minimize growing income disparity through learning from their neighbor, South Korea’s *saemaul* Movement. Many Chinese researchers do not think that it is plausible to emulate the *saemaul* Movement model fully to promote the governmental agenda, New Socialist Countryside Construction, due to the significant differences conditions between China and South Korea.

Nevertheless, they have focused on the mechanism of how the Korean state and local residents managed to promote mutual collaboration, and the role of education in terms of cultivating their ‘backward’ minds and increasing the level of participation. Because of the rampant decentralization of Chinese society, especially in rural China, a lack of mutual collaboration has indeed frequently been regarded as a reason for the failure to achieve successful rural development. According to Hu’s study (2011), maximizing their own benefits was a driving force to such collaborations in the case of the *Saemaul* Movement.

From the prospect of rural residents in Yubeng village, however, the maximizing of their own benefits was balanced by the need to minimize threats from local government staff and local cadres who were capitalizing on tourist activities and abuse of power in the economy of reciprocity. Therefore, providing local residents with an equitable opportunity has been focused upon more rather than maximizing profits through the introduction of a rotating system. Based on traditional “meetings among heads of the households”, the rotating system as an income distribution method in accommodation has been supervised by *lunzhizu* – the group of households that rotate their role of distribution and local cadres with help of group mentality. This analysis of the rotating system of accommodation reveals that this system has
transformed to be more in favor of the de facto household (*jiedaihu*) that receives tourists than the household that gets its turn (*lundaoahu*). It is because of this that *jiedaihu* have gained more influence over *lundaoahu* in terms of controlling the ‘collective profit’ under such supervision. Moreover, it turns out that local residents attempted to secure their interests from local cadres and the station director by raising the lodging fee. By imposing the guest management fee of 5 RMB on the ‘eco’ tourists, the local villagers took a load off paying for the local cadres and government officers. Nevertheless, local cadres have played an important role in the maintenance of such a rotating system by mediating among local households so that no more unnecessary conflicts among local residents arise. On the other hand, the rotating system for horseback riding has been more strictly controlled through the concept of ‘equality’. The tourists cannot choose which horse or mule they want to ride, and the local operators are allocated their business districts. For example, the distribution of horses should be approved by the leader of the local horseback riding committee.

The local residents have actively collaborated with domestic and international NGOs to establish a broader networking with national and international tourism enterprises. In this concern, I have addressed the case of the American conservation NGO, The Nature Conservancy. Moreover, they have improved their standards of living through producing electricity by hydro-electric power with technical help from the TNC. In the end, I have addressed the limitations of community participation mainly through examining the littering problem in Yubeng village. It could be difficult to manage it because garbage management is not directly related to making profit. Moreover, local residents easily felt that the garbage problem was not their responsibility because it primarily arose as a result of a top-down process planned and imposed by the state, rather than a result of local initiatives. The multiple layers of the ratification process have made it difficult to follow on the suggestions from local residents and even local cadres as well.

The selected case study of Yubeng village is by no means a representative case of what is happening in western rural areas in China. However, this analysis does illustrate that local ‘eco’ tourism activities seek more to safeguard their livelihoods from external risks in a certain degree of reciprocal relationship, which ensures equitable opportunity and emphasizes a collective solidarity rather than maximizing their economical interests. Interestingly, it turns out that rural villagers in Yubeng could enjoy improved standards of living by focusing on securing their livelihoods through active collaborations with NGOs.
The state-imposed ecotourism model: the national parks

How then does the state-run ecotourism model influence the participation of local residents and ensure their interests? The genesis of large-scale national parks is highly related to the state’s decision to expand large-scale infrastructure, which has served a crucial role in reducing poverty. Moreover, it starts with the idea that the state-led ecotourism model could be much better for nature conservation and could more effectively improve the local economy than local based ‘ecotourism’ activities. The Pudacuo National Park was established to cope with a financial shortage of maintaining natural reserves for local government and to provide jobs to local residents who had to alter their way of living due to relatively strict forestry protection regulations. The Nature Conservancy served to unify the fragmentized governmental sectors to promote the national park model.

It seems that local standards of living surrounding Pudacuo National Park have been improved due to increased ‘internal’ job opportunities in the Pudacuo National Park. Nevertheless, only a relatively small amount of benefits generated by operating Pudacuo National Park have been allocated to the local residents. Moreover, the many state-driven agencies associated with operating Pudacuo National Park marginalize the local initiative program that encourages local active participation since it does not meet the ‘effectiveness-first’ market-oriented formula. As a result, all local residents have limited the mutual contact with ‘eco’ tourists who are supposed to walk the designed wooden pathway and to take the bus tour with commentary. However, it is still too early to make a conclusion that the national park model does not take into account local involvement. It seems that the ecotourism plan for Laojun National Park was formulated to satisfy domestic urban Chinese who want to enjoy several out-door sport activities on their holidays. In order to successfully fulfill this plan, Laojun National Park managers will promote local participation through providing several training courses for local residents.

The function of government funding for promoting sustainable development and its impact on nongjiale

Whether or not ecotourism activities are organized by local residents or local governmental officers the aims of ecotourism programs in China are to minimize the regional inequality and to modernize the ‘backward’ condition of rural, remote areas by encouraging domestic urban Chinese to visit remote western China. The CCP’s rhetorical commitment to “sustainable development” has been realized through considerable governmental funding to local villagers
in the name of promoting rural tourism, nongjiale. Nongjiale operators have provided the Chinese urban upper-middle classes with homemade meals, lodging, ‘idyllic’ rural experience and entertainment. In order to understand the government funding system for the local residents, this thesis illustrates how Chinese representative microfinance programs are different from those programs of the Grameen Bank. Unlike the Grameen Bank model, The Rural Credit Cooperatives (RCCs) is heavily dependant on government subsidies, and thus is not financially sustainable. However, it makes it possible for the RCCs to provide much lower interest rates for the local villages.

To answer further questions concerning how the RCCs manage to set lower interest rates and the role of government subsidies (which are helpful for the local poor) I have examined The Nature Conservancy’s (American NGO) Green Village Credit programs (GVC). This is mainly because the NGOs play a crucial role in the formulation of the RCCs’ program. The analysis reveals that the GVC has relied on the full subsidies from local government, and has taken advantage of the benefits that the informal lenders provide. Ironically, the GVC, which has close relations with the RCCs, were relatively less dependant on subsidized credit generated by the RCCs. Through these strategies, The Nature Conservancy not only minimizes the crowding-out effects, financial losses, but also manages to provide a microfinance loans with the lower interest rates.

Before the analysis concerning the impact of governmental funding (subsidies, loans) on nongjiale in terms of the improvement of local standards of living, this thesis has examined the high level of dependence on government subsidies to promote rural development in China. By contrast, most projects under the Saemaul Movement were rather based on individual expenditure (individual loans from the bank), especially in the early stage. According to Kim’s study on Hayongduri village in South Korea under the Saemaul Movement, the villagers could afford to mobilize private funds due to increased rice production. It (increased rice production) was achieved due to the fact that they could acquire their own land in the aftermath of the Agricultural Land Reform of 1950-51, while taking advantage of advanced agricultural technology (Kim 2007, 74).

However, in the case of rural China, arable land is still collectively owned, and cannot be turned into land for non-agricultural purposes without government authorization. Moreover, the state controls the collectively owned arable land (Wu 2010, 145). Many researchers argue that Chinese people have been tempted to use the grassland for gaining short-term benefits
(unsustainable use) since only use rights have been assigned to individuals instead of ownership rights. So it could probably be said that the high level of dependence on government subsidies for promoting sustainable development ironically compensates for shortcomings of the land system that aggravates unsustainable usage of land.

Moreover, a high level of dependence on governmental subsidies in China in comparison to the case of the Saemaul Movement could be understood from the corporatist perspective. The development-oriented Park regime controlled society under the South Korean right-wing developmentalist dictatorship. In the case of China, meanwhile, the authoritarian regime has been based on left-oriented authoritarian corporatist philosophy. Thus, social stability has been highly prioritized.

Through the case study of several villages surrounding Bingzhongluo, the study sought to find out how the government subsidy for promoting nongjiale (20,000 RMB) was allocated to the local nongjiale operators, and how the strict forestry regulations have influenced the construction of the nongjiale-guesthouses/lodgings. The Gongshan county Tourism Bureau has mainly controlled the allocation of subsidies and provided them with some accommodation necessities that cost approximately 20,000 RMB. Moreover, due to the limited access to timber, the timber price has been expensive, and thus the local villagers would rather build nongjiale guesthouses with cheaper materials such as cement and bricks instead of building the traditional wooden architecture.

Moreover, the empirical results suggest that the use of new sustainable facilities, such as biogas tanks, has a meager connection in promoting nongjiale business. Such facilities have just provided the rural villagers with more chances to receive loans on the pretense of implementing sustainable facilities. The key to success for nongjiale business relied rather on whether nongjiale guesthouses were conveniently located, and had good facilities and political affiliations. The households with these ‘better’ conditions could receive more financial aid from the government.

However, the case study of the ‘privileged’ Zhongding village suggests that all recipients of free-interest loans from the Gongshan county Tourism Bureau (GTB) were big stakeholders who got involved in the GTB initiated plans for expanding tourism infrastructure in 2002. Like the GTB, many counties and townsips in the central and western parts of China have been struggling with paying salaries to their employees even with the support of financial transfers from the higher levels of the government. Moreover, due to their role model status,
those few big stakeholders had to surrender their rights of land to the state in the name of promoting nongjiale. Yet, most local villagers who have provided nongjiale associated services in Zhongding have not benefited so much from nongjiale programs. Without any proper follow-up projects and solid internal market of agricultural products, rural residents are still grappling with reducing food expenses.

6.2 The theoretical implications of the study

The current members of the Chinese leadership, the president Hu Jintao, and the premier Wen Jiabao, have attempted to quell the discontent over the high levels of economic imbalance/inequality through imposing more ‘populist policies’ which seek to bring benefits to rural peasants and workers who have been marginalized by the economic reforms. Drawing up the New Socialist Countryside Construction in 2006, and the abolition of agricultural tax were one of the representative examples of ‘populist policies’ to tighten control over state and society in the name of preserving social stability (Lee 2008/2009, 37).

In this regard, the analysis of this thesis has been applied for the theory of leftist authoritarian corporatism in which still underscores the role of state control over the other social groups and maintains a undemocratic system, but attempts to reach co-optation of the unprivileged local residents with ‘populist policies.’

The peasants regained a degree of economic autonomy after decentralization and strengthened their autonomy under the Hu regime, which emphasizes the role of community-participation. However, they still have problems with abuses and injustices that threaten their subsistence (Li 2009, 76). It is mainly because the Hu regime has not gone so far as to abandon the benefits from the market-led economy that led to the expansion of the private sector and strengthening of the alliance between political and economic elites (Dickson 2007, 853). In order to examine how local residents have coped with these challenges, I adopted the concept of social capital, formulated by Wu Bin, which refers to a capacity of the poor working together to cope with common challenges through community-participation. In the Chinese corporatist system, community-participation indicates the mechanism of securing the local interests, rather than the sign of democratic governance. The results represented in the thesis reinforce the findings of the earlier study concerning the mediating role of NGOs between the local villagers and government in the corporatist system. The Nature Conservancy, an American conservation NGO has contributed to forging connection between them.
In the prior studies on Chinese corporatist system, it is still a lack of concrete analysis about how the rural residents have managed in collaborating with the local government. In this concern, this thesis contributes to providing detailed information about how the state and rural residents have achieved the mutual collaborations by examining the impacts on ecotourism activities, which have been promoted under the Hu regime. However, the development of ecotourism in Yunnan, (and other places in China as well) is still in too early a stage to draw a conclusion based on the primary sources about the situation of Chinese ecotourism. Nevertheless, this thesis contributes to suggesting the important role of community-participation to safeguard livelihoods of local residents in the ecotourism activities.
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Appendix 1 - The Translation of Chinese Terms

*Pinyin – Chinese character – English translation.

Chapter 1

cunrong zhengjie  村容整洁 an orderly and clean environment

guanli minzhu 管理民主 democratic administration

Gongshan liyouju 贡山旅游局 Gongshan governmental tourism agency

kechixu fazhan 可持续发展 sustainable development

nongcun xinyong hezuoshe 农村信用合作社 Rural Credit Cooperatives

nongjiale 农家乐 representative Chinese rural tourism

shehuizhuyi xinnongcun jianshe 社会主义新农村建设 New Socialist Countryside Construction

shengchan fazhan 生产发展 enhanced productive forces

shenghuo kuanyu 生活宽裕 higher living standards

shengtai liyou 生态旅游 ecotourism

shengtai nongye 生态农业 ecological agriculture

tidai nengyuan 替代能源 alternative energy

xiangfeng wenming 相逢文明 civilized lifestyle

xiuxian nongye 休闲农业 leisure agriculture

Chinese places

Bingzhongluo (township) 丙中洛(乡)
Deqin 德钦
Gongshan 贡山
Jinsha-river 金沙江
Kunming 昆明
Lancang-river 澜沧江
Laojun National Park 老君国家公园
Nu-river 怒江
Pudacuo National Park 普达措国家公园
Three Parallel Rivers (sanjiangbingliu) 三江并流
Yuanyang 元阳
Yubeng 雨崩
Yuxi 玉溪

Zeongdian (Shangri-La or Xianggelila) 香格里拉

Chinese names
Ye Wen 叶文
Li Guowu 李国武
Sun Fei 孙飞

Special terms
guanxi 关系
Chapter 2

guanguang lüyou 观光旅游  sight-seeing tourism

hukou 户口 The household registration system

luohou 落后 backward

nongken 农垦 Agricultural Reclamation

qunzhong luxian 群众路线 “mass-line”

ren ding sheng tian 人定生天  Man must conquer nature

songrong 松茸 Matsutake, a high-value gourmet mushroom

tian ren he yi 天人合一 the unity of man and Heaven

tui geng huan lin 退耕还林 farmland returning back to forest

wenbao 温饱 an indicator of (absolute) poverty

xiangcun lüyou 乡村旅游 rural tourism

xiaokang 小康 “moderate well-being” For more information see chapter 2

xiaqian 消遣 divert oneself, while away time

xi bu da kaifa 西部大开发 The Great Western Development Strategy

xiuxian 休闲 “leisure”

zhongguo nongcun fupin kaifa gangyao 中国农村扶贫开发纲要 The Guidelines for Rural Poverty Reduction in China

ziyou shijian 自由时间 free time
Chinese places

Anhui province 安徽省

Guizhou (province) 贵州

Jiangxi province 江西省

Jiuzhaigou 九寨沟

Lashi-Lake 拉市海

Lijiang 丽江

Meili Snow Mountain 梅里雪山

Shanxi (Shaanxi) province 陕西省

Sichuan province 四川省

Xishuangbanna 西双版纳

Yellow Mountain 黄山

Chinese name

Deng Xiaoping 邓小平

Chapter 3

canyu liyou 参与旅游 participatory tourism

gongping 公平 fair(ness)

gongtong xieshang 共同协商 mutual agreement

jiating jiedai 家庭接待 household-based accommodation
家庭客栈  family guesthouse

家庭会议制  meetings among heads of the households

接待户  the de facto household which receives tourists

集体讨论  collective discussion

绝对公平  “absolutely fair”

到户  the household, which has its turn to receive tourists

轮流户  the household in the rotating system

轮流制  the rotating system

轮流组  the groups of轮流户

马队长  the leader of the horseback riding committee

普通话  Standard Mandarin Chinese

拖拉机  a tractor

相对公平  “relatively fair”

小麦  wheat

站长  a station director

自治  self-governance

Chinese places and organizations

Binghu (glacier lake) 冰湖

Deqin Meili Snow Mountain National Park Development & Management Co.德钦梅里雪山
国家公园开发经营有限公司

Mingyong village 明永村
Nanzongyakou 南宗垭口

Ninong 尼农

*Shenpu* (the holy waterfall) 神瀑

State Council 国务院

*Xiaonongdabenying* 笑农大本营

Xidang 西当

**Chinese names**

He Lin 何林

Lan Huiming 兰蕙明

**Chapter 4**

baoche 包车 mini-van

**Chinese places**

Bita-Lake (or Bitahai-Lake) 碧塔海

Gaoligong Mountain 高黎贡山

Jade Dragon Snow Mountain 玉龙雪山

Lugu-Lake 泸沽湖

Luorong village 洛茸村

Napa-Lake (or Napahai-Lake) 纳帕海
Chinese name

Wang Shihong 王世竑

The Chinese names of organizations

The government Function Departments 政府职能部门

The Nature Conservancy 大自然保护协会

The Pudacuo National Park Management Bureau 普达措国家公园管理局 (*迪庆藏族自治州人民政府的正处级行政机关) * Administration office of Deqing Tibetan Autonomous People’s Government

The Pudacuo National Park Tourism Operational Company 普达措国家公园旅业公司 (**迪庆州旅游投资公司下属的分公司) ** A branch office of Deqing Prefecture Tourism Investment Company

Chapter 5

chaoshi 超市 supermarket

gufenzhi 股份制 share-holding system

gufen hezuozhi 股份合作制 share cooperative system

hezuozhi 合作制 cooperative system

sannongwenti 三农问题 “Three rural issues” For more information, see chapter 5 footnote

xiaochidian 小吃店 snack-bars

Chinese places

Baoshan 保山

Biluo Mountain (Biluoshan) 蘭罗山
Chengdu 成都
Dali 大理
Dimaluo 迪麻洛
Dongfeng (village) 东风村
Dulong-river 独龙江
Hebei 河北
Henan 河南
Jiangsu 江苏
Jiasheng village 甲生村
Liuku 六库
Lushui 泸水
Puhua-temple 普化寺
Qiunatong village 秋那桶村
Shuangla 双拉
Xinren 新仁
Yudong hotel 玉洞兵官
Yulong county 玉龙县
Zhongding village 重丁村

The Chinese projects

China Rural Energy Enterprises Development (CREED) 中国农村能源企业发展项目
Green Village Credit (GVC) program 绿色乡村信贷项目

The Chinese organizations

Agricultural Bank of China 中国农业银行

Haixi (village) Association 海西村协会

Liguang (village) Association 黎光村协会

Rural Commercial Bank 农村商业银行

Rural Cooperative Bank 农村合作银行

Shitou (village) Association 石头村协会

Chapter 6

Chinese names

Hu Jintao 胡锦涛

Wen Jiabao 温家宝