

## [The Three Gorges tax revolt](#)

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The real cost of the Three Gorges dam is closer to 600 billion yuan than to the 130 billion yuan that Chinese authorities claim, says Dai Qing, China's celebrated but banned investigative journalist. [Writing in Chinese for Radio Free Asia](#), Dai Qing warns dam authorities that the Chinese public knows who is paying for what she calls "the bottomless pit" – and that they are doing so through the "Three Gorges Construction Fund."

Now the public is beginning to ask questions about official estimates and management of the gargantuan project.

The price of the dam has skyrocketed from the 57 billion yuan dam officials promised when the dam was approved in 1992, to 130 billion yuan today. Officials now claim they need another 100 billion to deal with the problems created by the dam.

To help pay for Three Gorges—after the World Bank and US Export-Import Bank refused to fund the dam out of concerns about its environmental and economic problems— a meeting was held at the Premier's office in 1993 and the Three Gorges Construction Fund was created without a hearing or approval from the National People's Congress (NPC), Dai Qing reveals. At that moment, "more than one billion Chinese people began paying taxes as part of the funding for the Three Gorges project. "

Now, says Dai Qing, they "want to be free from being forced to contribute" to the Fund through their electricity rates. They were promised that the benefits of Three Gorges would go back to the people, and now that the dam is generating electricity, they think their electricity bills should go down.

The dam officials can't claim ignorance or innocence, says Dai Qing. They were warned by financial experts back in 1989 that the dam would cost 590 billion yuan, but instead told the National People's Congress (NPC) that it would cost one-tenth that sum when it approved the project on April 3, 1992.

A more recent internal estimate of 600 billion yuan confirmed the original price tag but both were suppressed. So too were warnings from China's most eminent scientists, Lu Qinkan and Huang Wanli, that the accumulation of sediment behind the dam would cause scouring of downstream river banks and dykes and the destabilization of the Shanghai estuary, at enormous cost to the state.

In an apparent case of deliberate amnesia, Cai Qinhua, who is both a National People's Congress representative and the Director of the Changjiang Resources Commission (and is responsible for fixing the post-dam construction resettlement, environmental and

geological problems created by Three Gorges), is now alerting the public to the very problems that officials knew the dam would create, but pretended they didn't—as if decision-makers bear no responsibility for the costly disaster.

What especially irks the public, is that Three Gorges is not only the world's number 1 in terms of size, electricity generated, people displaced, among other measurements, but that is also the number 1 “fishing project” that officials have used to enrich themselves through corruption. It's worse now that China's economy has been transformed into a “market economy with Chinese characteristics”—meaning the revenues earned by Three Gorges go to the new owners of the generation facilities, while the ongoing costs of the dam go to the Chinese people.

In other parts of the world, this is known as privatizing the profits and socializing the risks. And it tends to make taxpayers mad.

Even the government's own official numbers don't add up, says Dai Qing, who has done the math. By her calculation, at least 100 billion yuan has already been earned from the generation of power (based on a rate of 0.25 yuan/kilowatt/hour). Add to that, an estimated 90 billion yuan that has been paid by China's electricity consumers into the Three Gorges Construction Fund, and the revenue from the Gezhouba dam and loans from banks, and the total revenue to pay for Three Gorges greatly exceeds the total official budget for the dam.

Where is the money going, asks Dai Qing. Sadly, Chinese citizens have heard that the revenues will be soaked up dealing with the post-dam-construction problems. But their patience may wear thin, as the costs of the dam and the drain on their pocketbooks continues to rise.

[Read Dai Qing's original piece in Chinese](#)

<http://www.probeinternational.org/three-gorges-probe/three-gorges-tax-revolt>