



HUMAN RIGHTS DAMMED OFF AT THREE GORGES

**AN INVESTIGATION OF RESETTLEMENT
AND HUMAN RIGHTS PROBLEMS IN
THE THREE GORGES DAM PROJECT**

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IN COORDINATION WITH THE FOLLOWING NGOS:
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Cover: Chinese character "chai" means "tear down" or "demolish." Buildings in cities along the Three Gorges submergence zone are branded with this one word to indicate what must be destroyed to make way for the massive reservoir that will rise behind the Three Gorges Dam. (June 2002)



Building remains, Daxi, Wushan County

EXECUTIVE SUMMARY AND RECOMMENDATIONS

With a planned capacity of 18,200 megawatts, the Three Gorges Dam on China's Yangtze River is the world's largest power project. The dam has been the dream of Chinese leaders for more than 80 years, including Sun Yat-Sen, Mao Zedong and Deng Xiaoping. Li Peng, the outgoing chair of China's parliament, has repeatedly called the project a "symbol of the superiority of the socialist system."

The Three Gorges Project is being built without funding from the World Bank, but with major support from official export credit agencies and private banks. The dam on the Yangtze is a model and a test case not only for China's political system, but also for the policies of the involved export credit agencies and banks.

The biggest challenge for the dam-builders is the resettlement of the people living in the reservoir area. More than 1.2 million people – and according to some estimates, up to 1.9 million people – will have to be resettled before the Yangtze valley is submerged.

"Our goal is to ensure that those resettled will have better working and living conditions," announced Li Boning in 1993, when he was head of the Three Gorges Migration Office. "The compensation we are offering is much higher than their expected losses."

The Three Gorges Dam blocked off the Yangtze River at the town of Sandouping in November 2002. The reservoir will start rising in April 2003, reaching a depth of 135 meters by June 2003 and stretching 500 kilometers upstream.

Dam construction will continue to 2008, when operators plan to fill the reservoir level to a depth of 175 meters. So far, more than 640,000 people have been resettled. Tens of thousands will still need to move before submergence starts in April 2003.

With submergence imminent, the Three Gorges Project has reached a critical stage. It is time to take stock of how the resettlement program has been carried out so far, and how the project authorities and the involved financial institutions have fulfilled their responsibilities. International Rivers Network has commissioned a long-time observer of the Three Gorges Dam to visit the project area and the resettlement sites, and to prepare a report on the current status of resettlement, compensation and rehabilitation. Because of the lack of freedom of speech and expression in China, the researcher is using a pen name, Yi Ming.

CURRENT STATUS OF RESETTLEMENT

The researcher has prepared an eyewitness account based on a large number of interviews with affected people in five of the counties that are most affected by resettlement for the Three Gorges Project. Some of the main findings are:

- Compensation offered to resettlers has fallen short of the replacement cost for their property. Instead, they are forced to buy housing at a cost that far exceeds the compensation they have been offered.
- The land and jobs that have been promised to resettlers from rural and urban areas are no longer available. Where land has been offered, it has often turned out to be of inferior quality. While approximately 500,000 people have been resettled to other areas in the Three Gorges region, more than 100,000 people have been forced to leave the Three Gorges area altogether.
- Local authorities appear to have diverted a large part of the resettlement budget into unrelated infrastructure projects, using funds intended for household compensation on projects like hotels and roads.
- According to the report, there is a “widespread belief that local officials have used the project as an opportunity to fill their own pockets.” Many cases of embezzlement of resettlement funds have been documented.
- No independent grievance mechanism exists, and the resettlement process is conducted “in an atmosphere of officially orchestrated secrecy and intimidation.”
- The police have used “excessive force” to quell the numerous protests against the resettlement problems, and the Three Gorges Project has become “an instrument of repression with widespread human rights abuses.”

The Three Gorges Dam could not be built without support from international financial institutions. Five official export credit agencies have approved more than US\$1.4 billion for the proj-

ect. Foreign banks have issued bonds of close to \$2 billion for the China Development Bank, a financial intermediary where the Three Gorges Dam is its top loan commitment. Banks involved in underwriting the bonds include Morgan Stanley, Merrill Lynch, JP Morgan, Deutsche Bank, and Barclays Capital. Being so involved in the project’s financing and construction, the banks, the export credit agencies and the governments that back them, share in the responsibility for the impacts of the Three Gorges Dam, including the resettlement problems and human rights violations.

Some observers argue that the large-scale resettlement for the Three Gorges Dam is part of the unavoidable cost of modernizing China’s economy. However, The Three Gorges Project does not contribute to making China’s economy more efficient: energy analysts have reported that the dam is not the least-cost option for China, and that there were numerous alternatives that would have increased China’s electricity supply with far fewer impacts and at lower costs. Power rates will need to be increased across the country to pay for the expensive Three Gorges Project.

Concerns over the project’s economics, environmental and social impacts, and flood control capacity were published in Dai Qing’s book *Yangtze! Yangtze!* and presented before China’s State Council. In February 1989, the Council decided not to proceed with the Three Gorges Dam. After the Tiananmen democracy protests in June, however, public criticism of the project was strictly forbidden. Project plans were revived in 1992 in a remarkably narrow vote by the National People’s Congress. There continue to be clear signals within China’s closed political system that the Three Gorges Project has been promoted by old-style bureaucrats as a means of ensuring centralist state control over the power sector, while key reformers have expressed concern and skepticism over the project.

Those forced to resettle now find themselves caught in a bind. While the Three Gorges project is clearly an example of old-style centralist planning, the government has begun to encourage economic modernization and private enterprises in other sectors. This has been more of a curse than a blessing for Three Gorges resettlers, as this move toward private enterprises has also led to the elimination of state resources that were previously available to compensate victims of development projects. Hundreds of thousands of people who are being moved for the Three Gorges reservoir can no longer count on state support in the form of land or jobs in a centrally planned economy. They are being dispossessed of their land, homes, and livelihoods for a white elephant of central planning, without being offered the benefits of the system for which it claims to stand.

A NEED FOR ACTION

Through their export credit agencies, five Western governments – Germany, Sweden, Switzerland, Brazil and Canada – are heavily involved in Three Gorges Dam construction. All these gov-

ernments have ratified the International Covenant on Civil and Political Rights, which enshrines the freedom of expression, peaceful assembly and association. All five governments have also committed to the Organization of Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, which stipulate that such enterprises – including those involved in the Three Gorges Project – “respect the human rights of those affected by their activities.” The Chinese government has signed but not yet ratified the International Covenant on Civil and Political Rights.

The German government in its coalition agreement has just recently agreed that “examinations of human rights violations should take place (...) in connection with export guarantee decisions.” In 1994, the Swiss government announced in its North South guidelines that it would give “more weight to governance and the protection of human rights in the recipient country” when considering export risk guarantees for poorer developing countries. Export Development Canada (EDC) claims that “as a good corporate citizen” it “values human rights and promotes the protection of internationally recognized human rights,” and that “monitoring human rights is an ongoing function at EDC.” Sweden’s export credit agency EKN does not have a human rights policy. EKN does however foresee the possibility of monitoring the environmental impacts of a project – including resettlement and other socio-economic impacts – “throughout the whole project period.” The Brazilian export credit agency, BNDES, has committed to “respect ethical and environmental principles.”

In accordance with their national and international obligations, these governments should urgently press for the following measures to be taken:

- Affected people must be resettled, compensated and rehabilitated in line with acknowledged international standards. The state must ensure that, as these standards stipulate, resettlers receive compensation at full replacement cost, and are able to improve or at least regain their former standard of living. Since the local counties are unable to resolve the resettlement problems that they have been forced to shoulder, the national authorities must assume the responsibility for resettlement in the project.
- The state should create independent grievance mechanisms for the people affected by the project. People should not suffer repression for expressing their opinions, protesting peacefully, or for seeking redress for damages they have suffered. People who have been imprisoned for peaceful protest against the problems of the project should be released.
- As long as the problems of resettlement have not been resolved in line with international standards, the submergence of the reservoir area must be suspended. Numerous World Bank evaluations have demonstrated that an approach of resettling people while a project is being implemented is not effective.

- The governments who share responsibility for the Three Gorges Project should establish a presence in the project area during this critical stage, and should monitor the implementation of the project and the resettlement efforts. Chinese authorities have invited foreign experts to monitor the construction standards of the Three Gorges Dam. They should also invite independent consultants to monitor its resettlement.

Banks and export credit agencies, and the governments that back them, should also ensure that human rights are protected in their activities more generally:

- Export credit agencies and corporate financial institutions should carry out social impact assessments before taking decisions on underwriting bonds, and extending credits and guarantees. Where relevant, they should include human rights conditions in the covenants of their credit and guarantee agreements, and should monitor the compliance with these conditions during project implementation.
- The World Commission on Dams (WCD) has proposed a framework that integrates human rights into the planning and decision-making processes of water and energy projects. The WCD recommends that “demonstrable public acceptance of all key decisions” be achieved through open and transparent negotiations with the participation of all stakeholders. The WCD also recommends a “comprehensive post-project monitoring and evaluation process,” and mechanisms to identify and remedy outstanding social issues associated with existing dams. Export credit agencies and investment banks should adopt these and other recommendations of the WCD.

As submergence draws closer, International Rivers Network and other NGOs will monitor the implementation of the Three Gorges Project, and the resettlement and human rights situation in the project area. They will hold the governments and financial institutions involved in Three Gorges accountable for the resettlement problems and human rights violations of the project. NGOs will also increase their efforts to promote human rights standards for export credit agencies and corporate financial institutions.

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I. CHINA'S RESETTLEMENT POLICIES AND INTERNATIONAL RESETTLEMENT STANDARDS

China's resettlement practices have been highly praised by the World Bank (see Box 2). The World Bank's operating procedures are regarded as the international standard by other international lending agencies.

However, the procedures followed by China in resettling those displaced by the Three Gorges Project fall far short of those set by the World Bank and required by the UN Covenants that China has signed.

To look at the World Bank practices first: the World Bank has held up China's "developmental resettlement" policies as a model for other developing countries to follow. China's relationship with the World Bank is important because China is the Bank's largest customer. Together they have funded seven dam projects, including the billion-dollar Xiaolangdi Dam on the Yellow River.

Recently, the credibility of the World Bank's praise for its projects in China was lost after an internal report found that the

Bank had effectively waived its own resettlement guidelines procedures when operating in China.

The World Bank itself admits it has many well-documented failures in trying to compensate people and communities whose land has been appropriated for its projects. Many of its projects have turned involuntary resettlers into victims of development whose living standards dropped dramatically after they moved.

In the past two years, the World Bank has again revised its operating procedures and introduced a new set of standards which some critics argue is weaker than the earlier ones.

However, Chinese experts have closely studied the World Bank's regulations when drawing up their domestic regulations.

BOX1: OFFICIAL PROMISES FOR THREE GORGES RESETTLEMENT

President Jiang Zemin in a speech marking the damming of the Yangtze (November 8, 1997):

The water conservancy and hydro-power project we are building today on the Three Gorges of the Yangtze River, the scale and overall benefits of which have no parallel in the world, will greatly promote the development of our national economy, and prove to be a lasting exploit in the service of the present and future generations. It also embodies the great industrious and dauntless spirit of the Chinese nation and displays the daring vision of the Chinese people for new horizons and better future in the course of their reform and opening-up.

A successful resettlement of the people affected by the Three Gorges Project is the key to the progress and eventual suc-

cess of the project. The work, which involves the interests of one million people, is both arduous and meticulous. Party committees and governments at all levels in the Three Gorges Project-affected areas should summarize the good experience already achieved and constantly do a good job in this regard.

It is imperative to adhere to the policy of development-oriented resettlement of the people, redouble our efforts to afforest the reservoir area and especially the upper reaches of the Yangtze River, take comprehensive measures to constantly improve ecological environment and prevent soil erosion, for it is an important precondition for ensuring lasting peace and political stability as well as a sustainable development of the reservoir area and the entire Yangtze River Valley.

As it is a matter that benefits not only the current generation but our posterity, we should spare no effort year in and year out and allow no negligence or delay at any time.

Former Premier Li Peng (1992):

To construct the Three Gorges Project, the most important difficult and urgent task at present is to do a good job with the resettlement of over a million people in the catchment area... In global terms, solving the resettlement problem for over a million people is also a big issue.

Li Boning, Head of the Three Gorges Migration Office (1993):

Our goal is to ensure that those resettled will have better working and living conditions. The compensation we are offering is much higher than their expected losses.

BOX 2: THE WORLD BANK ON RESETTLEMENT IN CHINA

Currently at least 3.2 million people around the world are facing displacement as a result of active World Bank projects, and around ten million people a year are displaced in developing countries each year for dams, urban development and transportation projects.

In 1993-94, the World Bank conducted a review of 146 Bank-assisted projects which recognized major shortcomings in many projects.

A separate report cited the Chinese government as saying 46 percent of China's reservoir relocatees had yet to be "properly settled" and that they were "at great risk." It pointed out that the government had frequently underestimated numbers involved and had been reluctant to pay the full cost of reservoir resettlement.

Then in 1996, the Bank's Operations Evaluation Department reviewed eight projects, including two Bank-funded projects in China, the Shuikou dam project in Fujian and the Yantan dam in Guangxi province, in order to review resettlement practices.

The Shuikou Dam, in which the World Bank invested two loans totaling \$240 million, is presented as a particularly successful model. The majority of the 80,000 people moved were reportedly able to find new and better jobs not in agriculture but in industry, partly thanks to a local industrial boom created by overseas Chinese investors. The Yantan project involved moving 43,200 people from a very poor area and many of them were moved to government sugar plantations in the prosperous Beihai area.

A 1998 World Bank report praises China's "evident concern for jobs, incomes, full participation, family welfare and equitable growth." World Bank experts showered praise on China's resettlement work, hailing it as a model for other countries to follow.

Michael Cernea, architect of the World Bank's resettlement policy, praised China after conducting the 1994 review: "We found China has had a remarkably satisfactory resettlement performance during the 1980s and 1990s, consistently better than most other developing countries."

Warren A. Van Wicklin III, of the Operations Evaluation Department at the World Bank, stated that China had benefited from its planning culture, the pervasive involvement of local government in all aspects of social and economic life, and its "information culture." Many

critics question the validity of these assessments. Since that report appeared, some people relocated from Shuikou have been engaged in a bitter dispute with local authorities over compensation, and have been organizing petitions and demonstrations. Reports of these protests have been suppressed. In addition, critics point out that the Shuikou Dam relocatees enjoyed the highest resettlement budget of any project, around 50,000 yuan per person.

The World Bank-financed Xiaolangdi Dam also continues to be held up as an example of how well China now deals with resettlement. The project resettled 180,000 people and like Shuikou, it is reported to have the highest resettlement budget per person of any project in China.

To help the involuntary resettlers, the government promised to invest in 84 industrial projects to create 20,000 jobs, allowing 36 percent to shift to the industrial sector. It also invested in intensive irrigation to allow peasants to farm cash crops. The relocatees also benefited from training programs, tax breaks, counseling and new housing, and the project was supervised by national and international review boards.

Also similar to Shuikou, the job creation scheme at Xiaolangdi Dam has run into considerable difficulties. For example, in one case, 5,570 villagers who were supposed to be allocated 1,444 industrial jobs in Yima city were never employed in those jobs. It turned out that the most of the city-run enterprises operated at a loss and could hardly take care of their own employees. The Yima city government then demanded that the relocated peasants buy their jobs using their compensation payments

The World Bank and its experts continued to praise China until an independent investigation into another major project in Qinghai province was carried out in 2000. In June 2000 the independent World Bank Inspection Panel, lobbied by the International Campaign for Tibet, reported on the Western China Poverty Reduction Project which involves the resettlement of 50,000 in Dulan County in Qinghai. The panel's report concluded that the World Bank had effectively been waiving its own guidelines on resettlement when working in China.

Although China’s resettlement regulations are influenced by those of the World Bank, they differ in certain key aspects:

The World Bank resettlement policy requires that “displaced persons should be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs.”¹¹

A form of consultation has taken place under some circumstances, but in the context of China’s dictatorship means something quite different from what it does in a democratic society.

Chinese regulations provide for consultation but in practice this often means no more than prior notification.

China’s regulations on Compensation of Land Requisition and Resettlement Rehabilitation of Large and Medium-sized Water and Hydropower Projects call for proper monitoring as well as adequate compensation for those involuntarily displaced and promises financial support lasting five to ten years. In reality, this report found there has been little if any monitoring, and those displaced to other provinces are only receiving support for only the first two years.

BOX 3:

THE INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS AND OTHER HUMAN RIGHTS CONVENTIONS

The Covenant on Civil and Political Rights provides guarantees that forced migrants are entitled to freedom of movement, opinion and association. In other words, displaced individuals should be allowed to group together to form NGOs and to fight for their rights.

The International Covenant on Civil and Political Rights states:

“Everyone lawfully within the territory of a State shall, within that territory, have the right to liberty of movement and freedom to choose his residence.” (Article 12)

“No one shall be subjected to arbitrary or unlawful interference with his privacy, family, home or correspondence, nor to unlawful attacks on his honour and reputation.” (Article 17-1)

“Everyone shall have the right to hold opinions without interference.” (Article 19-1)

“Everyone shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice.” (Article 19-2)

“The right of peaceful assembly shall be recognized. No restrictions may be placed on the exercise of this right other than those imposed in conformity with the law and which are necessary in a democratic society in the interests of national security or public safety, public order, the protection of public health or morals or the protection of the rights and freedoms of others.” (Article 21)

“Everyone shall have the right to freedom of association with others, including the right to form and join trade unions for the protection of his interests.” (Article 22)

“Every citizen shall have the right and the opportunity, without any of the distinctions mentioned in Article 2 and without unreasonable restrictions to:

Take part in the conduct of public affairs, directly or through freely chosen representatives.” (Article 25)

China is also obliged to consider the United Nations High Commissioner for Refugees (UNHCR) Guiding Principles on Internal Displacement, which state under Principle 3-2 that “internally displaced persons have the right to request and to receive protection and humanitarian assistance from their authorities. They shall not be persecuted or punished for making such a request.”

Principle 7c of the Guiding Principles states that “[t]he free and informed consent of those to be displaced shall be sought.”

Principle 7d requires that “[t]he authorities concerned shall endeavor to involve those affected, particularly women, in the planning and management of their location.”

Principle 7e states that “[l]aw enforcement measures, where required, shall be carried out by competent legal authorities.”

Principle 7f states that “[t]he right to an effective remedy, including the review of such decisions by appropriate judicial authorities, shall be respected.”

Principle 12 states that “[e]very human being has the right to liberty and security of person. No one shall be subject to arbitrary arrest or detention.”

In China, individuals have no means either to influence decision-making or to oppose corrupt officials. Instead, regulations list penalties for officials found guilty of embezzlement or other corruption charges.

The more recent version of World Bank procedures stresses the importance of meaningful consultations with affected persons and communities, local authorities and, as appropriate, NGOs. Especially relevant for China, they emphasize the need for grievance mechanisms – mechanisms that for example, enable settlers to use NGOs to bring their grievances to court in order that they can assert their legal entitlements.

Another key difference between the World Bank's and China's domestic resettlement regulations is the Bank's insistence on "prompt and effective compensation at full replacement cost."

Chinese regulations provide no equivalent guarantee although they do promise compensation, and China's own regulations are ambiguous in the context of its changing economy. Most resettlers find themselves caught between the two systems, being compensated under the old system but forced to acquire new property under the new economic order.

When China's 1991 regulations were drawn up, the country still had a largely planned economy where it was possible for the state to allocate land and jobs at will, and the price of most basic commodities were fixed by the state.

Now China has moved a long way towards a market economy. Prices for nearly all goods have been freed from state controls. This is particularly important with respect to land values and property prices, which are now determined partly by market forces.

Resettlers are offered compensation only for the cost of the building materials that went into their housing as estimated at 1992 values, but the new housing they buy is built and sold at current commercial prices. Most urban dwellers live in housing

built by their work units, which in the Three Gorges area is usually very small and of poor quality.

In general, the land ownership question is particularly difficult and inevitably gives rise to numerous disputes for which there is no grievance mechanism. In China, all land belongs to the state, and no individual can own it. In rural China, land is effectively under the control of the peasant community. Peasants only sign limited field tenure agreements with the state which usually last no longer than 15 years, and more recently for 30 years.

With few exceptions, most of the land in the Three Gorges area belongs to village and production collectives. The collective can and often does re-assign a peasant's fields at will.

Under China's resettlement rules, peasants are being offered compensation based on a calculation of six to ten times the annual average production value in the previous three years. This assessment is bound to be very low given that these are very poor areas, where peasants and the state have not invested very much for many years because the land was destined to be submerged.

Despite the great scope for disputes, Chinese regulations exclude any role for NGOs, informed consent and grievance mechanisms. No one is permitted to come together in associations outside the control of the Communist Party, and anyone who does so with the purpose of opposing the will of the state is treated harshly.

China's resettlement practices therefore not only run counter to international standards, they are also contrary to the principles laid out in international treaties of which China is party.

China signed the International Covenant on Economic, Social and Cultural Rights (ICESCR) in 1997, and ratified it in 2001 with exception to Article 81a, which covers the right to form trade unions. China also signed the International Covenant on Civil and Political Rights in 1998.



II. THREE GORGES RESETTLEMENT: PROMISES AND REALITY

The implementation of the resettlement program in the Three Gorges Project has fallen short of the promises made when the project was launched. In September 1991, Li Boning, the top official in charge of resettlement for the project, put forward the General Plan for Population Resettlement. He made a number of promises to show how it could easily be carried out. Many of these have proven to be unfounded. Li Boning said that:

- Most of the relocatees were from townships and not rural areas and would therefore be easier to resettle.
- The resettlement would be carried out over a long time so this would make it more feasible.
- Half of those to be moved were from townships which meant they would keep the same occupations.
- Many of those to be moved would benefit from the new industrial jobs which would be created.
- The dam project would not repeat the mistakes of earlier projects and require people to move people to remote areas.
- To prepare for the resettlement the government would spend five years and invest 100 million yuan on trial projects.

Li claimed there were 20 million mu of undeveloped land – barren mountains and grassy slopes - in the reservoir area, of which 4.2 million mu was arable.

Li promised that each rural resettler would be given half a mu of highly productive land to grow grain on plus one mu for oranges or other cash crops. In addition, extra land would need to be given to the farmers in the host communities as compensation for the loss of land to accommodate the new settlers from Three Gorges. This would add 30-50 percent to the total amount of 800,000 mu – one million mu for the whole project.

In 1991, when the plans were submitted, the estimated number of people who needed to be resettled was given as 725,000. In 1992, in a restricted meeting of the State Council, it was indi-



cated that the number would rise to 1,980,000, due to natural population growth, by the time the project was finally completed in the year 2013.

Li Boning then warned his colleagues: “You should not publicize this number. Our position is that the number to be relocated will come to a little over 1 million.”²²

ZHU RONGJI’S THREE GORGES RESETTLEMENT POLICIES 1998-2003

Under the original Three Gorges resettlement plan formulated when Li Peng was premier, the govern-

ment would control all aspects of project resettlement, moving people to higher ground and providing them either with new farmland and villages, or urban jobs in newly-built towns and factories.

As this plan proved unworkable, Premier Zhu encouraged a different kind of resettlement when he took charge of the Three Gorges Project in 1998. Officials now allowed people to move to areas of their choice, either rural or urban, provided they could get permission from the host villages and townships.

To assist individual resettlers, they were offered a lump sum of over 20,000 yuan each, money that would have gone instead to the host community for infrastructure and other costs. This money would be in addition to the money received for the relocatees’ lost property and livelihoods.

This policy led some to take the cash and move where they wished, sometimes to distant regions like Tibet, Xinjiang, and even Burma according to unconfirmed reports. As long as they obtained a new hukou, an official household registration, some-

Uprooting more than a million people

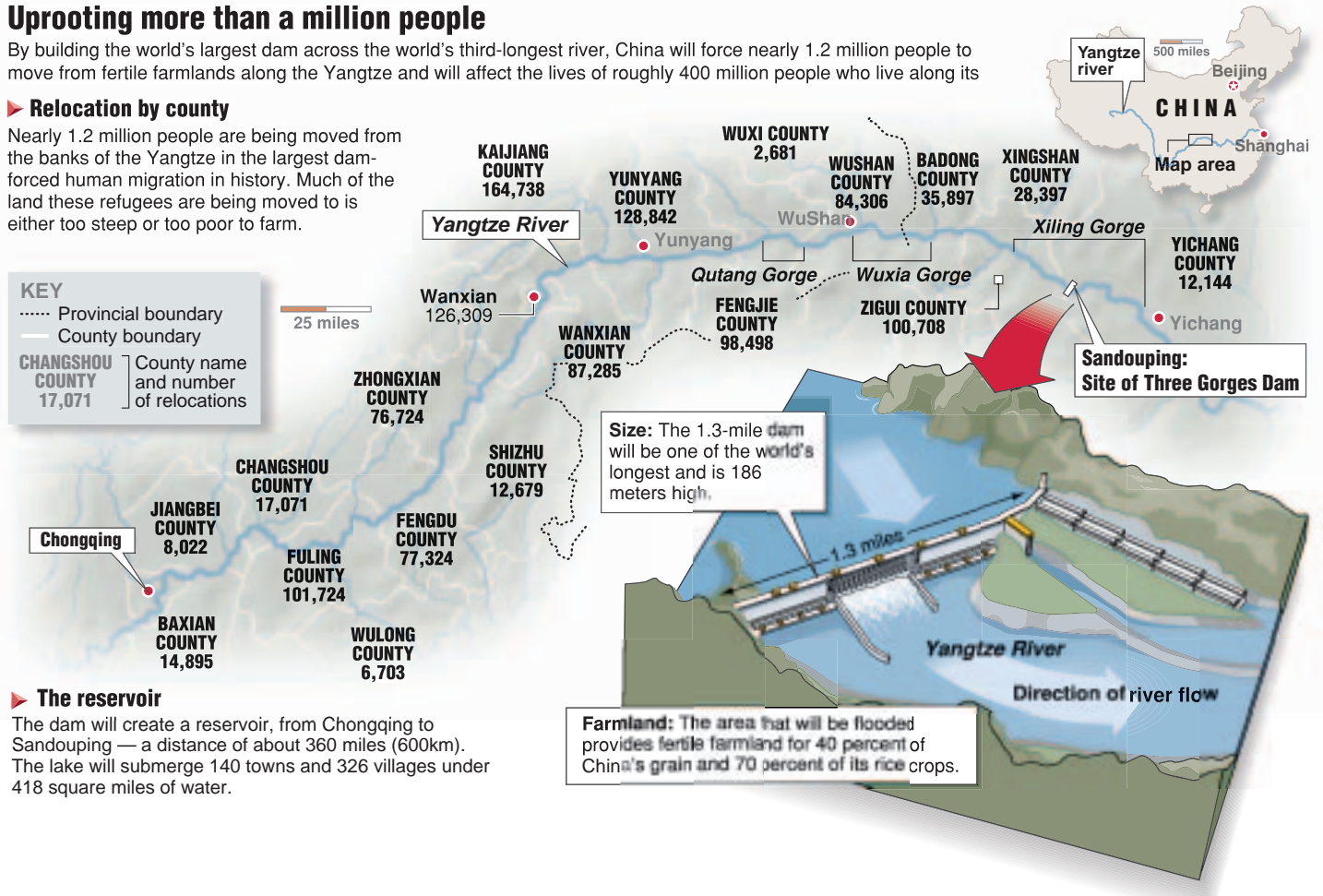
By building the world's largest dam across the world's third-longest river, China will force nearly 1.2 million people to move from fertile farmlands along the Yangtze and will affect the lives of roughly 400 million people who live along its

► Relocation by county

Nearly 1.2 million people are being moved from the banks of the Yangtze in the largest dam-forced human migration in history. Much of the land these refugees are being moved to is either too steep or too poor to farm.

KEY
 Provincial boundary
 — County boundary

CHANGSHOU COUNTY
 17,071 } County name and number of relocations



► The reservoir

The dam will create a reservoir, from Chongqing to Sandouping — a distance of about 360 miles (600km). The lake will submerge 140 towns and 326 villages under 418 square miles of water.

where else, the local authorities of their home towns or villages did not care. Some resettlers did this and returned back to their old villages and stayed with relatives.

The change of policy also meant that many of those who had left before the regulations changed in 1998, came back and demanded the extra money now being offered to others.

In May 1999, the State Council held a Three Gorges Project Resident Relocation Conference which again changed the policy to take into account Premier Zhu's insistence on achieving ecological targets and reducing soil erosion. Zhu decided to ban farming on slopes steeper than 25 degrees. 80 percent of this land is being converted to forest and 20 percent kept for orchards.

This policy revision excluded much of the land that was supposedly available for resettlement according to Li Boning's calculations. Therefore, the number of those relocated outside the reser-

voir area rose from 83,000 to 125,000. This now required moving 25,000 from Hubei province and 100,000 from Chongqing municipality.

The State Council also ordered that the rural residents from the Chongqing reservoir area had to be relocated to 11 other cities and provinces by early 2003. It decided they should not be directed towards border regions but to the eastern provinces which were to benefit from the dam, namely Sichuan Province, Shanghai, Jiangsu Province, Zhejiang Province, Guangdong Province, Shandong Province, Fujian Province, Jiangxi Province, Hunan Province, Anhui Province and Hubei Province.

According to the *People's Daily*, 71,129 people are being moved out to 11 provinces, 30,000 elsewhere in Chongqing, and some 25,000 moved out of dam areas in Hubei province.³ The remaining Three Gorges residents (over a million) are expected to resettle within the Three Gorges region and move to land higher up the hillsides.

This additional task led to a change of compensation policy. The new relocatees now had to be moved by the government in large groups. Local officials were given quotas to meet or face penalties. The new relocatees could no longer hope to get a large lump sum and the freedom to choose where to go. Instead, the resettlement was organized by the local government which then took most of the resettlement money for this task.

Contrary to Chinese regulations, Premier Zhu did not order any feasibility studies to be conducted before launching the policy and it now appears to be the most unsuccessful part of the resettlement.

The performance of the local resettlement bureaus varies considerably from place to place. Although they are guided by the regulations drawn up by the central government, county governments are free to formulate their own regulations on all aspects. For instance, in some places, resettlers had to build their own houses. In others, the host government constructed houses and provided land to enable them to grow subsistence food.

Local governments draw up the detailed regulations on compensation criteria for houses, forests, graves, wells, poultry houses and these regulations vary considerably from one county to

another. Even within the county there are differences because sub-county level township governments can also issue their own regulations.

The out-migration has been handled with a higher degree of consultation than in the past. In general, every household was allowed to send one person, at the state's expense, to investigate the family's destination before making a final decision. The families then left, selling all their possessions, and arrived with just some clothing and bedding. After they left, their old houses were destroyed.

However, some relocatees were resettled in scattered villages with three to five households in each village, meaning that contrary to international standards, these communities were not kept together. Interviewees repeatedly complained that they were helpless because they had no "guanxi," that is, no connections to fix things in their host community.

At the same time, some communities have been transported as a group, often when the host community could free up land on a large state farm. However, many of these groups have complained of violent clashes with the host communities who felt threatened by the new arrivals.



III. THE STATE OF THREE GORGES RESETTLEMENT

The second stage of Three Gorges Dam resettlement involves the building of new cities and towns, usually near the original location, and the movement of large numbers of peasants. At least 125,000 people have been forced to leave the area, and over 70,000 people were required to migrate long distances to 11 provinces throughout Eastern China.

Currently, tens of thousands of people who are due to move in the second stage of Three Gorges Dam resettlement are still holding out in their homes, fighting to obtain more compensation before the reservoir begins to fill in April 2003.

In the third stage, another large group will be moved before 2008 when the water in the reservoir will rise to 175 meters. In many parts of the reservoir area, officials are determined to force those designated to lose their land to leave well before their property is flooded.

Just how many people will be relocated by the end of the 20-year, \$25 billion project is a matter of controversy. While government officials say the figure is 1.2 million, some observers say it will be nearly two million. The authorities have not released a full picture of the resettlement process and the exact number of those being relocated.

This report is based on extensive interviews carried out among those already relocated to Eastern China and in five of the counties most affected. These counties are in the Chongqing municipality.

The author finds that the resettlement process is being conducted in an atmosphere of officially orchestrated secrecy and intimidation.

All those interviewed, especially rural residents, said they were frightened by the numerous cases of peasants being imprisoned for protesting against what they allege are endemic corruption and mismanagement of the resettlement process.

They almost all preferred to speak on condition of anonymity but spoke of numerous instances of peasants trying to organize protests and petitions generally to pursue compensation claims.

“We have been cheated,” is the phrase used repeatedly by everyone the researcher spoke to.

Some protests have been tolerated but in other cases the organizers have been beaten and imprisoned. The examples noted in this report constitute human rights violations that run counter to China’s obligations under domestic laws and international treaties.

Urban residents speak of a constant stream of individual protests and acts of resistance by the majority of those forced to move. Urban residents are treated better than the peasants, but all complain bitterly of inadequate compensation and the difficulties in asserting their rights to adequate compensation.

Rural residents share these complaints and resent the discrimination exhibited in the lower compensation they are paid. In many cases, they also claim they cannot afford the new housing allocated.

Many of the rural residents relocated out of the reservoir area say they are deeply unhappy. They have been promised an increase in their standard living but find themselves isolated, unemployed and discriminated against.

Those settled in Jiangxi, Hubei, Shanghai, Fujian, Jiangsu and other provinces have staged demonstrations demanding to return home. At least 20 percent have made their own way back, and are now engaged in acrimonious disputes with their local authorities.

China has attempted to improve on its lamentable record on involuntary resettlement for dams in recent years. In the past 15 years, the government has introduced a raft of new regulations based on resettlement practices drawn up by the World Bank and other financing institutions.

Nevertheless, much available evidence suggests that the actual implementation by local authorities in the Three Gorges area falls far short of the standards announced by the central government.

The enormous relocation effort is stymied by a shortage of funding. The total resettlement budget is just 40 billion yuan but the real cost of the new housing is three or four times that. The difference is being shouldered by the involuntary resettlers.

The burden of the resettlement has to be borne by those forced to buy housing which, although superior to the old, costs many times the compensation they have received. Most assessments of property values are based on surveys carried out in 1992.

Compounding this feeling of resentment are the confusing and proliferating regulations that the local resettlement authorities

have issued. These offer rates that vary from place to place and have sometimes been altered, sowing a great deal of confusion and resentment.

Local administrations appear to have diverted much of the resettlement budget into infrastructure spending under a central government policy of “development resettlement.” This policy, launched in the early 1990s, aims to raise living standards among the relocatees by creating a modern infrastructure and new jobs.

However, the process of rapid modernization has meant that in all areas, the state-owned enterprises have either already gone bankrupt or are not worth salvaging. Hence, there are very high rates of unemployment making it even harder for those forced to move to find the money to buy the new housing, and to re-establish their economic livelihood.

Even if the huge investments being ploughed into new roads, railways and industrial development zones can eventually attract new investments, it will be a long time, if ever, before the chronic unemployment for urban residents can be solved.

When the Three Gorges Project was originally planned, the unemployment problem was not foreseen. It was even envisaged that many of the peasants who lost their farming land would be able to find factory jobs.

This is proving impossible, and even those who are being moved to more prosperous and industrialized areas in Eastern China are failing to find satisfactory employment. Many complain that the government promises of employment have not been met.

The problem is exacerbated by a change of policy after the 1998 Yangtze floods when Premier Zhu Rongji issued new regulations to curb soil erosion. He required that farming land on slopes steeper than 25 degrees must be reforested.

This meant that in 1999, the government announced new plans to relocate 125,000 peasants out of the Three Gorges reservoir area because there was no longer any arable land for them. The original 1992 plans foresaw no such problem and envisaged opening up virgin land within the reservoir area to be given to the peasants.

Added to the general feeling that relocatees have been cheated out of their rightful compensation is a widespread belief that local officials have exploited the project as an opportunity to fill their own pockets. Many believe that local officials have and are simultaneously defrauding individual households and the central government by falsifying records (see below).

It is hard to verify if this corruption is as extensive as it is believed to be. However, it is clear that the state has failed to establish a system, as recommended by international lending agencies, whereby such complaints can be openly addressed and investigated.

The state sometimes tolerates peasants who petition the higher authorities about the activities of local officials but usually, this backfires. Peasants who resort to this method report that they are threatened and penalized by the very officials they attempted to indict.

In a bid to limit corruption, China has invited outside experts to survey the quality of construction on Three Gorges Dam and other engineering projects. It rejected the option of allowing outside inspections of the resettlement process, which Chinese leaders recognized as the most difficult part of the whole project. This has clearly been a mistake.

Without an independent press or judiciary in China, those complaining of abuses have nowhere to turn to obtain a fair hearing.

Many peasants who have tried to pressure the local authorities by collecting information and organizing other villagers to make joint petitions or protests have been thrown in jail. Villagers are prohibited from contacting foreign media, and those who have done so have been charged with “interfering with Three Gorges resettlement.”

Instead of establishing a satisfactory complaints procedure, the authorities have spent large sums of money on organizing and equipping the local police forces.

In several instances, locals have complained that the police have used excessive force to curb small and peaceful protests. Instead of a peaceful resettlement process, the project has become an instrument of repression with widespread human rights abuses.



IV. CORRUPTION AND EMBEZZLEMENT

Any visitor immediately notices that everyone in the reservoir area is convinced that corruption, big and small, is rampant.

Soon after becoming premier, Zhu Rongji toured the project in December 1998 and ordered a crackdown on corruption. He railed against shoddy “tofu” construction that had collapsed during the floods because they were built with bamboo instead of steel.

After Premier Zhu left the Three Gorges area, the authorities engaged some 200 outside experts to act as inspectors to try and curb the corruption. The effort was chiefly directed towards guaranteeing the quality of the construction work and not the resettlement process.

Premier Zhu decided the foreign engineers should be hired as they would be more honest in checking the quality of construction. They are rumored to have found numerous problems and cracks in the dam itself, but have not made their findings public.

Aside from this, the municipality of Chongqing went through the motions of holding a customary Chinese police crackdown including setting up special telephone lines for the public to report crimes connected with the misuse of resettlement funds and graft activities by officials of the dam project.

Around 200 officials were detained and questioned, leading to a number of highly publicized cases. And perhaps as many as 100 officials were punished. In 1999 the Xinhua news agency reported that there were 140 corruption cases relating to the project, which involved billions of yuan. Soon after that, the General State Auditor made the findings of an investigation public.

“Some 473 million yuan in resettlement funds were embezzled, misappropriated or illegally used in 1998 alone,” Xinhua reported, adding that “those punished included Huang Faxiang, a land management official in Fengdu County, near Chongqing in Sichuan, who was executed early this year for the embezzlement of 15.56 million yuan.”⁴ Huang reportedly invested the embezzled money in a local hotel.

The amount of 473 million yuan is equivalent to 12 percent of the total resettlement budget and is a considerable sum. Officials subsequently issued repeated reassurances that most of this money had been retrieved. In March 2000 the Vice Mayor of Chongqing, Gan Yuping, said 80 percent of the siphoned money had been recovered.

In October, Guo Shuyan, deputy director of the Three Gorges Construction Committee, gave a press conference in which he said there were only 234 cases, involving a total 42 million yuan.

“Management of the funds has been very strict,” he claimed.

After Zhu’s crackdown had run its course, no more cases of corruption were publicized. None of the cases that did emerge appear to have any connection with the peasant petitions that had charged resettlement officials with corruption.

In fact, very few details emerged from the crackdown.

What information is available suggests that local officials are practicing the sort of scams carried out all over China in which most work units keep two sets of books. One book is an official set of figures that correspond to officially planned targets; the other book includes the actual figures.

For example, a common practice has been for officials to deliberately inflate the size of the original city, township or village, when submitting documents after the property survey was carried out in 1992.

Officials in Fengdu had inflated the size of their original city by 25 percent, and there are unconfirmed reports that officials in Wanxian were punished with life sentences for the same crime.

This appears to have been standard practice in most towns. China’s *Nanfang Zhoumou* (Southern Weekend) newspaper, carried a detailed story of what happened in Zhongxian. Land bureau officials there falsely claimed 134 hectares from Hongxing village, according to a petition by its 1,300 villagers.⁵

Other petitioners have complained that Zhongxian County officials seized twice the approved amount of quality farmland from five other villages in the name of building towns or schools for resettled migrants.

The “embezzled” land was allegedly used for private real estate development or resold by local officials. Zhongxian officials claimed they calculated only “the land area that has paid taxes,” so the area actually claimed was much larger than the area reported to higher authorities.

Villagers in Kaixian have signed similar petitions alleging that local officials had filed reports that inflated the amount of land belonging to the village. The villagers were incensed because the extra money was not passed on to them.

In Hongmiao village (Gaoyang township in Yunyang County), villagers said an extra 285 mu were added by officials who reported non-arable land as arable.

At the same time county level governments inflated the original size of their cities in order to extract as much relocation funding as possible from the central government

Some officials then got into trouble for spending more money than they were entitled to. Premier Zhu reportedly sacked the Party Secretary of Zigui for building a new town twice as big as planned and allegedly said when he saw the new town that the main street was “grander than the Avenue of Eternal Peace [*Changan Jie* in Beijing].”⁶

As with public housing, the new public buildings are inevitably larger than the cramped ones they replaced. Like ordinary householders, officials also complain that Beijing is providing resettlement funds based on the outdated 1992 estimates of the property value.

Therefore, county governments have had to find their own way to make up for the difference between the compensation received and the actual cost of building the new towns.

It seems likely that county governments resorted to fraud because the Three Gorges Project planners deliberately misrepresented the true cost of the project when it was put forward in 1992 in order to deflect criticism.

The new cities are constructed according to standard designs and laid out uniformly similar to all urban centers being built in China. These have wide streets and large public buildings for the Party/government headquarters, the police and the courts. These standard designs, intended for cities built on flat land, are not suitable for the geological conditions of the steep Three Gorges area.

By relying on standardized designs that are cheaper to commission, county governments have found themselves plagued by serious cost overruns. Fengjie, for example, constructed a new town about 15 kilometers away from the old town only to discover half way through the construction that the sandy soil is too soft to safely support the buildings.

A second city is to be built but the location is still undecided. Its safety has not been certified by the authorities in Chongqing because the area is too steep and geologically unstable. Therefore property owners have not been issued land ownership certificates.

Premier Zhu’s campaign against “tofu” construction revealed the extent of the practice of sub-contracting work to builders who used the lowest quality materials to save money. Some officials have been executed or dismissed for shoddy construction work.

In Yunyang County, eight officials were fired for taking bribes from contractors including the deputy county magistrate in charge of resettlement and the chairman and six deputies of a committee in charge of building the new county seat. The officials reportedly embezzled two million yuan in resettlement funds.

“Corruption is now the greatest problem. We receive letters from people protesting all the time,” one inspector based in Fengdu said. “I am often offered thick envelopes stuffed with cash to say nothing.”⁷ In Gaoyang township, inspectors found substandard building work and arrested seven township officials who were accused of embezzling five million yuan. According to some reports, they were later released.

Another common scam has been to pad the lists of relocatees requiring relocation funds with phantom names, preferably of relatives of county or township officials. This appears to be more common in rural than in urban areas where there is always considerable uncertainty about head counts because peasants do not register many children.

The extent of this problem is highlighted in an article published by the Chinese journal *Strategy and Management*:

“As early as 1991 and 1992, when the Yangtze Water Conservancy Committee conducted a survey, a good many rural townships falsified migration targets. When they speak of it now, they say it was ‘to fight for more funding for our localities,’ but in fact, these falsified quotas became an avenue by which people in positions of authority and influence were able to gain personal profit.

“The impact generated by false migration is not only economic, but also political. It not only aggravates the already-tight funding situation for migration, but it also sows the seeds of instability with the peasants, who for thousands of years have continually made strong appeals for equity. The first inklings of instability have appeared over the last several years in the form of migrant appeals to the higher authorities, primarily presenting the problem of false migration.”

Naturally, the kind of short-term conduct referred to above is not limited to those engaged in migration work. On the part of migration targets, a good many people, based on a variety of considerations, always want to get their hands on government resettlement money as quickly as possible. “First spend the money! When the water comes, the government can’t just sit by and watch us drown.”⁸

It is hard to judge the exact extent of this problem but it appears to be very common. Petitions complaining about this issue have surfaced from different parts of the region.

As previously mentioned, jobs are sometimes sold to peasants in turn for resettlement money, without any guarantee that the peasants can actually hold on to their new jobs. In addition, a number of peasants complain that some officials extorted 1,500 yuan fees for each compensation payment.

The corruption inherent in the system goes hand in hand with a practice common all over China, that of creating “model resettlers” who showcase new towns and housing for visiting high

officials, journalists and inspectors. Each district is normally required to set up such models and those chosen normally benefit handsomely, receiving from around four times the amount of money available to ordinary relocatees to guarantee the model's success.

The double-bookkeeping makes it very hard to supervise the financing of the Three Gorges resettlement process, other than by sudden campaigns in which authorities are given quotas of victims to punish.

The “resettlement development” philosophy is also blamed for the corruption, or the belief that there is widespread corruption. As two-thirds of the compensation/resettlement funding is now given directly into the hands of the officials, they can invest as they choose. Their books (even the fake ones) are never made available for inspection, so the peasants have no idea whether the money has been well spent or squandered by the officials.

Across China, county governments in poorer area have run up huge debts – \$36.5 billion worth by 2000 – partly by investing in all kinds of ventures that went bankrupt.⁹

When these ventures fail, local governments resort to recouping the losses by levying extra taxes and fees on the inhabitants. Many of these local taxes are illegal since central government regulations stipulate that they must not exceed five percent of the peasant's annual income.

One of the worst examples of the way these ventures go wrong is the “Three Gorges Economic Development Corporation.” This company was set up to invest embezzled resettlement funds into investment ventures.

By the time it had closed down and the manager, Jin Wenchao, had been detained, the company's leaders had siphoned off more than one billion yuan according to sources within the company.

Armed with an official seal from the Three Gorges Corporation, Jin Wenchao borrowed money from banks and went into various businesses, employing at one point 2,600 staff with branches all over the country. The investment capital was either stolen,

invested in various trust and investment corporations that went bust, or sunk into enterprises that never produced a profit.

In the Three Gorges area, interviewees report the same problems as peasants elsewhere in China, namely that almost all the local enterprises run by local governments are bankrupt and that they suffer from a constant extortion at the hands of officials levying arbitrary fees.

A further factor is the distrust of local officials because many are rotated every three years or so, in a traditional policy to prevent them from getting entrenched in local loyalties. Yet peasants complain that it also means that officials seek to milk them for as much revenue as possible before moving on.

In some parts of China, local official positions have often been sold off and the tradition of “tax farming” where officials buy the right to tax the residents for as much as possible has reappeared. It is not clear how prevalent tax farming is in the Chongqing area but peasants in Hubei, including a township party secretary, Li Changping, made these allegations public in the national media two years ago.

A final problem integral to the corruption issue is that responsibility for the entire resettlement process is in the hands of county level governments. These are desperately short of funds and employ officials with low educational standards and no experience or training in either resettlement or venture capitalism.

Although the dam is a national level project, no national institutions are entrusted with organizing or supervising the process, and urban and rural residents find it very hard to appeal to anyone outside their county.

In fact, in many cases county governments have used the police to physically prevent peasants, such as those from Gaoyang, from going over their heads and travelling to Beijing to present their petitions.

Despite this long list of problems with Three Gorges resettlement, the outside world is only officially allowed to see model resettlement sites.



V. RESETTLERS' PROTESTS

The resettlement process is plagued by frequent protests even among those considered the most favored and luckiest of migrants. The most fortunate peasants are considered to be from Yunyang County and settled on Chongming Island and other parts of Shanghai.

The younger migrants to Chongming Island have written petitions and have been involved in disturbances with police and local residents. Many, particularly the elderly, have opted to return home.

Another group sent from Zhongxian County to areas around Qingdao in Shandong Province, marched on the Qingdao government on July 8, 2002, to present a petition in which they demanded to be sent home.

800 peasants from Yunyang County sent to Sheyang city in Jiangsu also returned home complaining they could find no jobs.

Some 300 settlers sent from Fengjie County to Jinjiang County in Fujian staged protests in 2001 and in March 2002 demanding to return home. About 20 to 30 percent have returned on their own account.

People sent from Wushan County to Suijianfu in Anhui province have returned after just six months complaining that they had to build their own houses and could then find no paying work there.

Another group of 300 sent from Nanming township, Wushan County, to Huangfu State Farm in Jiangxi province complained they were violently attacked by the local peasants. They then decided to return home en masse, where they staged protests outside the Wushan government headquarters in 2002.

In May 2002, 300 riot police in Guangdong province were summoned to quell protests by residents of Haoji Village, Gaoming city, Foshan municipality against the housing of 890 Three Gorges resettlers.¹⁰

Many of the 30,000 peasants relocated to Tonglian County in Chongqing have banded together to organize petitions and lobby the government to return home.

Peasants from Gaoyang township in Yunyang County have returned from being resettled on state farms in Xinjiang, Hainan Island, a state farms in Hubei province, and from Jiangsu province. Peasants in Gaoyang County have been involved in a series of protests and arrests as described in the detailed reports below.

YUNYANG COUNTY

Yunyang County, with 120,000 people to resettle, has some of the worst problems and has witnessed the greatest unrest. Out of a population of 120,000, it has 114,000 people in rural areas with an average annual income of 1,145 yuan.

Peasants in the township of Gaoyang, where around 13,000 to 15,000 peasants have to be moved, were chosen early on to serve as a model for resettlement, and many of the experiments have been poorly implemented.

Even by the standards of Yunyang, Gaoyang is a poor and remote area which is still not served by a paved road. However, locals farm the fertile Pengxi river valley which will be inundated along with the town. Altogether some 20,000 peasants living on the banks of the Pengxi River in this and other townships will lose their land.

Gaoyang is also important because local peasants here began organizing themselves quite early on in order to fight for adequate compensation. They pooled information and collected funds to support elected leaders to travel to Chongqing and Beijing to voice their concerns.

In July 1997, some 10,000 peasants supported a petition. Since then there has been a stream of protests, petitions and delegations sent from Gaoyang to Beijing.

In September 1999, some 300 peasants attacked officials in charge of resettlement, injuring at least one. In another incident peasants hurled bricks and injured the deputy Party secretary and others. The township authorities summoned riot police.

In 2000, over 1,000 peasants staged protests, demanding to meet with county leaders to press for more equitable compensation and access to official documents detailing the terms and conditions of resettlement.

In October 2000, Guo Shuyan, deputy director of the Three Gorges Project Construction Committee, gave assurances at a press conference in Beijing that the peasants' complaints would be properly addressed.

In February 2001, two elderly peasants, He Kechang and Wen Dingchun, who had helped coordinate the protests, were arrested and later given three-year prison sentences after they contacted Western media in Beijing. At least five other peasants are also serving prison sentences on charges of “disturbing Three Gorges resettlement.” According to a sociologist close to the situation, He Kechang managed to get a message to his wife that he was tortured and beaten while in detention.

Some sources claim that the petitioners are being punished under rules introduced to punish supporters of Falun Gong from going to Beijing to organize protests.

In August 2002, peasants were still organizing protests and had managed to send another delegation to Beijing to see the resettlement office of the Three Gorges Project Committee.

In this new incident, more than 70 people left to go to Beijing but were arrested at Daxian railway station in Sichuan. The police allegedly accused them of belonging to Falun Gong and sent them home.

However, a group of nine representatives had earlier gone to Beijing and managed to meet with the Three Gorges Committee. They stayed in Beijing for several days and the resettlement bureau paid for the train fares back.

Although the peasants’ petitions make detailed accusations of official corruption similar to those elsewhere in the region, none of the Gaoyang officials have been prosecuted for any resettlement related offences.

A petition dated January 20, 1999, charged the Gaoyang Party Secretary, Mr. Wang Ying, with various crimes including levying illegal fees for militia training, road building, education, electricity and newspaper publication. It alleged that he had embezzled or diverted flood relief funds, and had spent government funds on entertaining other officials with banquets, liquor and women.

After government inspectors found sub-standard building work in the construction of the new township buildings, seven township officials were investigated for embezzling five million yuan but they were later released.

Gaoyang’s resettlement policies appear to have changed several times in response to central government regulations. The peasants are angry about certain kinds of abuses. Firstly, there are examples where the local officials are alleged to have defrauded the central government with false figures while at the same time reducing the entitlements of individual householders.

In Hongmiao village, located at the foot of the new township, peasants say that an extra 285 mu was added by reporting non-arable land as arable. A petition dated May 1998 said 2,300 outsiders were added to the list of inhabitants requiring compensation. It said local cadres also faked resettlement certificates in return for bribes of 500 yuan.

There are also wide discrepancies between the amounts of compensation offered.

Some thought central government originally promised each of them 29,000 yuan. Those who organized their own resettlement received 20,000 yuan, others got 10,800 yuan, but those who went through government-sponsored resettlement received as little as 6,773 yuan.

Some peasants who heard that others had gotten more money than they did returned to Gaoyang in order to try and get what they felt was their rightful due. Others became incensed when learning that they had received less money than peasants in Hubei, or less than Fengjie or Kaixian.

The Gaoyang government began resettlement by initially giving a large lump sum to anyone willing to leave and make their own arrangements for a new residence hukou. Those who took this route could obtain a 20,000 yuan handout, a large fortune for locals.

Under this scheme, villagers went to other provinces to find a place which would issue them with new residency documents but not necessarily provide any land or housing. However after receiving the compensation, the villagers often returned to Gaoyang and stayed with relatives, or went elsewhere as migrant laborers, leading the government to fear that these were becoming rootless “floating citizens.”

China operates a general policy that all peasants must be tied to a certain village where they own land so that whatever happens, they can guarantee self-sufficiency in food and shelter, as the state does not provide peasantry with any social welfare net. Social welfare is restricted to urban residents.

The self-resettlement scheme also led to complaints that migrants who stayed in the county obtained compensation, which they then squandered. As an article in *Strategy and Management* put it:

“In order to obtain compensation funds and productive resettlement expenses, migrants borrow or otherwise obtain documents which serve to prove that they are working (such as a driver’s license), or go to commerce departments to get a license. Once they have received compensation funds and productive resettlement expenses, they don’t pursue the occupation or don’t operate the business, but rather misappropriate the funds for other uses, even to the point of idly consuming their fortunes.”

One petition described the problems of the Tang family. They were offered 36,351 yuan in compensation for loss of land and housing but were charged 6,440 yuan in fees for insurance, road repair, and construction. This left just close to 30,000 yuan, which was not enough to build a house and start a business. The petition also complained of hefty fees being levied for issuing

documents like a private business license, housing assessment and urban registration.

Hundreds of peasants from Gaoyang also used their compensation to buy housing in the new suburbs of Wanxian and obtain an urban residency there. However, after three years most of them complained they had found no new employment and wanted to go back. They also said they had been cheated of the full amount of compensation due to them but were afraid to speak after the tough punishment meted out to He Kechang and Wen Dingchun.

Yunyang County also conducted various trial government-operated resettlement programs, all of which met with little success. One route consisted of the government using budgeted resettlement funding to obtain factory jobs in Yunyang city for relocated peasants. However, the factories went bankrupt and the money disappeared.

In addition, the government organized resettlement villages in Xinjiang Province. Some 600 people were sent to Shihezi, the headquarters of the Xinjiang Production and Construction Corp, which offered to take settlers for 3,000 yuan per head. They were offered plots to grow cotton at the No.1 Agricultural Brigade, but all those who went returned complaining about the unfamiliar living conditions.

Other groups of migrants were sent to Baotou in Inner Mongolia to work on a large forestry project. Another group was sent to Hainan Island in the South China Sea. These trials also failed and after 1999, when a new resettlement plan was drawn up, a decision was taken to send the settlers either to Sichuan or to 11 provinces in eastern China. Residents said that around 7,000-8000 people from Gaoyang were relocated to Tongliang in Sichuan but appear to be very discontented because they cannot find jobs.

A large group also appears to have moved to Hubei province, although it is not always clear from the peasants' accounts whether they moved on their own initiative or through an organized scheme.

A group of 300 who were sent to live on the Taofu state farm returned to Gaoyang and assaulted officials whom they accused of embezzling money earmarked for the construction of their new homes.

One couple from Hongmiao village returned from Hubei with another story. They had decided to organise their own emigration two years earlier in the first wave of resettlement in order to obtain 20,000 yuan per person in compensation. They said that they prepared to move there but although the local Hubei authorities in Herong County had taken their money, the officials did not provide the land promised to them.

These people and others ended up with only 12,000 yuan per head and organized a class action suit in the Yichang court against the Hubei authorities. The couple said the Yichang court

supported them and that a total of 900,000 yuan, or 3,000 yuan per person, was owed to them. In Hubei, they received only 1,500 yuan and were told the rest of the money was in the hands of the Gaoyang resettlement office. Recently, they returned to Gaoyang to demand the rest of their money only to hear from the Gaoyang officials that all the money was already in Hubei.

Most of those relocated in Hubei also claimed they had been cheated because they had not been given the land or the compensation they were earlier promised. Those sent to settle in state farms in Jiangsu also returned dissatisfied, complaining they had been set upon by local farmers or bullied by local officials.

By the autumn of 2002, virtually everyone in Gaoyang seemed in a state of barely suppressed fury and resentment. Residents said nearly 900 people who had returned from being resettled were living in tents and shacks near the ruins of the former township and refusing to leave. Many of them were elderly people. Local police had allegedly descended on them three times, burning their shelters and beating them in order to force them to leave before the area is flooded.

In this tense atmosphere, local residents were frightened of speaking out or organizing public protests. After the case of He Kechang and Wen Dingchun, residents believe the state has sent agents masquerading as foreign reporters and interpreters in order to trap organizers of protests. It is therefore not appropriate to identify any of those interviewed for this report by name.

CASE STUDY: RESETTLEMENT ON CHONGMING ISLAND

The state media have given the greatest attention to those who have been settled outside the reservoir zone and sent to Chongming Island in the Shanghai municipality, the richest corner of China. While these have been showcased as "model resettlement" to demonstrate the effectiveness of the resettlement policy in raising living standards, the reality for the mass majority of resettlers is quite different as even official investigations have shown. Meager compensation, discrimination by locals, inadequate replacement cost for housing, are some of the problems resettlers have in their new homes.

An official case study of migrants on Chongming, "*Research on the Characteristics and problems of the outward migrants of the Three Gorges reservoir area: A case study of the migrants resettlement in Shanghai Chongming*," was carried out by Sun Yang of the Chongqing Resettlement Bureau and Zhang Xiangming of the Shanghai Resettlement Office. The researchers looked at 140 randomly selected families (654 persons). They concluded that while living conditions in terms of housing, education, water and electricity supply have improved compared to those in Chongqing, the migrants are still deeply dissatisfied. The researchers found the following:

“After resettlement, most migrants have no money at all, and owe mortgage loans so they generally feel under great economic pressure. Secondly, migrants lack any cash income after resettlement. Though at the time of resettlement, each migrant is given 0.067 hectares of land, the return from farming is too low. If they earn 500 kilograms rice per 0.067 hectares and 40 percent is the grain ration, they will just earn about 350 Yuan from their grain, but need to invest 344 Yuan. It is obvious that the farmland revenue is nearly equal to the expenditure, and all that is left is subsistence grain.

“While at home the migrants could increase their incomes by simple manual labor in the dam area, in Shanghai they need professional skills, so it is relatively difficult for the migrants to work and increase their cash income with non-agricultural work.”

The report also found that living costs on Chongming Island are two to three times higher than in the dam area. Each family had an average annual income of 3,000 yuan but needed 3600 yuan to live on. In the first two years the government will provide subsidies but after that, the report said, they will face difficulty paying the education fees.

The survey also found that in a multiple choice questionnaire the majority said they moved for the “sake of the state.” Therefore, the authors argue, the peasants feel it is entirely the state’s responsibility to meet all their needs. “They think that their requests, reasonable or not, should all be satisfied and the law should not restrict their behaviors,” the authors say.

“In August of this year [2001], the migrants in Chongming County disturbed the security by attacking policemen and destroying police cars,” the study reported.

The people believe that because they are migrants from Three Gorges Dam area, behavior should not be restricted, and all people should yield to them. According to the report, the migrants solve problems with the local residents with their own fists rather than the law. Local residents are enraged by this behavior.

“Civilization in Chongming County is challenged, and some new social civilization conflicts come out,” the report said.

The report offers a completely different picture from that of the state media, and the authors make a number of recommendations.

They argue that migrants should be more carefully pre-selected to ensure they either have better education and professional qualifications, or that they should be given the necessary training.

The report’s authors also recommend that the migrants should have suitable jobs arranged for them and be guaranteed their children’s education fees. They also say that no migrants with over two children should be selected. And lastly, the report proposes instructing the migrants on how to become law-abiding.

INTERVIEWS WITH RESETTLERS TO JIANGSU PROVINCE AND SHANGHAI

About 5,000 Yunyang County peasants from ancient towns along the Xihe river were sent down the Yangtze in five batches. The Xihe river area once boasted good river transport communications and a salt industry, but now looks very poor and neglected.

The other groups came from the township of Nanxi. The township used a lottery to decide who would be sent where.

The first group was sent with much pomp and ceremony. Local dignitaries arrived in suits and made speeches praising the “volunteers” for sacrificing themselves for the good of the state. They were given a banquet and entertained with music and singing.

Nanxi suffers from a serious unemployment problem as all the local government-run enterprises are bankrupt, and the former employees and indeed many others depend on handouts of 200 yuan a month. The river has become badly polluted by waste from a hemp factory, a power station and a large cement plant.

The entire town will be submerged by 2008 and has yet to build a new town. One site that was chosen was later abandoned because it was a “dead end” and not on a main road, so many businesses would suffer.

For those residents who stayed behind, the other overriding issue is how to pay for their new homes. Average compensation is 200 yuan per square meter but new houses cost 400 yuan per square meter. “Who will pay the difference?” asked one resident.

The experience of those resettled outside the area has varied. One group of 800 people sent to Sheyang, in northern Jiangsu, drew up a petition and demanded to be sent home. Many have come back on their own accord. They complained about the unfamiliar food, the incomprehensible local dialect, the climate and the lack of jobs. Sheyang is famous for its shoe factories but the private owners prefer to hire locals.

Another group sent to the Fengxian and Jinshan districts of Shanghai were placed close to a polluting factory. The group staged a number of protests until they were paid 500 yuan each in compensation.

Another group protested to the Shanghai authorities that before they left, Nanxi officials promised they would be exempt from local taxes but when they arrived they found they were being levied high business taxes.

“The government is not doing what it promised,” said one interviewee.

Another interviewee, a 69-year-old man, said his family of seven moved to Shanghai. He said they found it difficult to adjust to the language although younger ones who can speak *Putonghua*, the official pronunciation of Chinese words, do better. They also complained they lived in very cramped housing compared to

what they enjoyed in Nanxi. His family was given a total of 27,500 yuan, each person receiving a 3,000 yuan advance, plus 38 yuan per person, per month, in living cost subsidies.

In contrast, Chinese television carried only positive reports on those who moved to Shanghai's Chongming Island. A *Xinhua News Agency* report of February 12, 2002, described their pleasure in their new life.

"Some residents are making money from their own businesses in town which include drug stores, hairdressing and tailoring. The local government has exempted them from taxation," it claimed and explained that the government had kept its promise that their standard of living would be higher after the move.

Another report in the *People's Daily* claimed: "There is a demand for farmhands in these districts and workers in neighboring township businesses."¹¹

An earlier article in the same paper quoted Wang Kefu, an official with Three Gorges Project Construction Committee in charge of resettlement, as claiming: "Most migrants live a comfortable life in their new homes."

"Some of them married local people and others have got jobs in local factories," claimed Wang.¹²

A group now living in Hexian County on the island gave a different picture. They had arrived in July 2001 after first making an inspection visit the previous February.

"Everywhere we go people discriminate against us – we just have to open our mouths," said a man who gave his name as Hu. He came in a second wave with 1,300 settlers.

His neighbor, Mr. Sun, complained that they had been cheated of their money.

"The government promised us 30,000 yuan per head but we got just 4,200 yuan," Mr. Sun said.

Out of the 30,000 yuan per person, the government took 16,500 yuan and spent it to pave a road and provide electricity and water to their new houses. These are substantial two-story houses similar in size to others on the island although all the settlers complained of the shoddy workmanship – leaking roofs, cracked concrete floors and so on. In addition, the settlers are given 38.7 yuan every month for a two-year period, plus 850 yuan in compensation and 2,950 yuan in cash.

A bigger problem is that resettlers are not given full replacement cost for their housing. They were paid 286 yuan per square meter in compensation but must pay 551 yuan per square meter for their new house. A mortgage for the house costing 100,000 yuan was made available.

Their chief complaint is that they cannot find jobs. In Nanxi they said they had earned 1,500 to 1,600 yuan per month but nothing as profitable was available here.

"We've earned just 1,000 yuan in three months," said one. "We repeatedly went to the government to ask for help."

"Back in Yunyang we were promised jobs, but here most factories are owned by private owners so the government cannot order them about," said one. The best place to be sent is reputedly Futian in Guangdong, where the emigrants managed to find factory jobs.

The settlers also complained that living expenses are twice as high as at home, around 600 yuan a person compared to 300 yuan per month in Chongqing. For example, a gas canister for cooking costs 68 yuan in Chongming, but 40 yuan in Chongqing. Many became convinced that the locals were deliberately trying to cheat them.

"When they hear you are an immigrant, the locals try and cheat you," said one interviewee.

In September 2001, about 1,000 immigrants went to the police station to protest an incident where one of the immigrants was buying food and felt he was being cheated because the price was too high. Local police then beat the migrant and confiscated his bicycle. He then summoned his fellow migrants and they rallied in his support.

"It was very tense but eventually the leader of the police apologized," said one interviewee. "That local peasant did not dare go out of his house again."

Many also complained about the difficulties in learning how to grow crops in the new conditions. On Chongming Island, they have to spend six times as much on fertilizer as at home. In addition, the agriculture taxes are higher, 150 yuan compared to 30 yuan.

The interviewees said they thought it would take them four or five years to adjust. They said the principal reason for their willingness to move was the better educational opportunities available to their children in Shanghai.

The migrants in Chongming are scattered in villages all over the island but they all seemed to have been given enough land to grow food and found a house waiting for them when they arrived.

Out of another two families interviewed in Gongqing County, one had managed to buy a tractor to start a transport business, another had gone into breeding racing pigeons.

These families complained bitterly about their houses which they considered inferior to the ones they had left behind. They said there was no electricity to run machinery, only enough for lighting.

They also complained of discrimination by authorities, especially by the local police who they said bullied them, treating them as vagrants from outside.

However, when they first arrived by boat, they were welcomed with fanfare and flowers. The media and top local officials turned out to greet them and they were taken in a police convoy to their new homes. After that, village leaders had ignored them.

They said the older people had all left after a few months because they could not get used to the weather and the briny water. They also complained that no one had taught them how to grow crops in this climate and soil.

The resettlers complained about the difficulty in getting jobs and small but frequent incidents of distrust and animosity. They also said that they had not been given free health insurance as promised.

INTERVIEWS WITH RESETTLERS FROM GANJING TOWNSHIP TO QINGDAO, SHANDONG PROVINCE

Ganjing township in Zhongxian is another small market town perched above the scenic Ganjing river. A new road is being blasted above the town, and will run through the woods that cover the steep cliffs through which the river runs before reaching Ganjing township. Most of the settlement is now in ruins and a new township has been built a few miles away, but most of the villagers have refused to move. Others have moved or returned, while others who can't afford to move have stayed.

All the villagers, those who had stayed and those who had left, were besides themselves with rage and frustration at the local government officials who they believe have cheated them out of their rightful money.

"They have not paid us the resettlement money. I think they don't have it anymore but spent it on other things like building the road," said one man who returned from being relocated in Henan province and now lived in a hut. His original house was pulled down after he left.

Another interviewee, an old woman, was refusing to move to the new township first because she said the government owed her 400 yuan in moving costs, and secondly because she said she could not afford the cost of housing in the new town.

She said she was being offered only nine yuan per square meter in compensation but had to pay 300 yuan per square meter in the new town. "Where can I get this kind of money?" she asked. Others said they were offered 40 yuan per square meter in compensation.

She also reported that most of those relocated to Henan, Shandong and Hubei had returned complaining that conditions there were very bad. "Only the young people stay away," she said.

Another 80-year-old man said he was an old revolutionary and was deeply angered by their treatment. "We are not migrants now but refugees," he said.

A group of villagers complained that no journalists had come to see them to hear their side of the story. They said they had sent a delegation to Chongqing but no official had come to investigate their problems.

Not only could they not afford to move to the new town without ruining themselves financially, but they complained that they had not received any of the promised shenghuo fei, government-provided living subsidies, for as long as nine months.

As a result they were determined to stay in their original residence as long as possible even though officials had threatened dragging them away in handcuffs if they did not move.

A group of those who had been relocated from Ganjing and were now living in the prosperous Qingdao area of Shandong province were equally incensed by their treatment.

On July 8, 2002, about 40 to 50 of them, each representing one of the families sent to Qingdao, assembled and traveled to the Qingdao government headquarters to deliver a petition with demands that they be allowed to be sent back to their former communities.

"We couldn't get near the main gate. The police came out and manhandled us. They pulled four or five people into a police car and took them to the migration office. We handed over a two-page petition. So far there has been no response," said several interviewees.

A total of 1,119 people were settled from Zhongxian and scattered, two or three households together, in villages around Qingdao. They all complained of high food prices, a shortage of farming equipment, the difficulty in understanding the local dialect, and finding satisfactory employment.

One group of interviewees said the government had in fact provided them with laboring jobs but the pay was very poor. As in Chongming they arrived with just their clothing and bedding – they were allowed to bring just one cubic meter per person – and found houses built for them that they complained were of very poor quality and cost 500 yuan per square meter, which they found difficult to afford.

The migrants, who consisted of two families with eight people and one infant, said they had been taken to Qingdao on an inspection visit but they had been shown a different place.

Like most other migrants, they had expected to get 30,000 yuan each in compensation but only received a little over 7,000 yuan, and just 4,000 yuan in their pocket. They had to buy many household goods but at prices higher than at home.

"We don't understand why," said one interviewee. "We are not satisfied. None of us wanted to leave our home. We sacrificed ourselves on every one else's behalf, we should be better treated."

Three group of migrants were sent from Zhongxian and the first group was feted with fireworks and speeches.

“They told us everything would be better here,” said one person. They all repeatedly complained that “life is very difficult” in Shandong. The group lived in a village that was half an hour from the nearest town – Jiaozhou.

“We have no work here,” they all insisted. One family had bought a three-wheel motorized cart but had run into constant problems with the police, who had fined them over a dispute regarding the license plate. The locals had also attacked them several times.

As an example of the discrimination they face, one migrant told the story of how two months ago, some of them had gotten into a fight with locals at the railway station. The migrants called the emergency police number, but the police refused to come to their assistance saying they didn’t know where the town’s railway station was located.

KAIXIAN COUNTY

Kaixian County is over 80 kilometres from the Yangtze River on a road which climbs over a steep pass from Yunyang. Despite its distance, the reservoir will flood fertile river valley land and submerge Kaixian town. At least 100,000 people will have to be relocated from this area, many of them city people.

A relatively large part of Kaixian’s territory will be inundated - 184 square kilometers of cultivated land out of a total land area of 3,969 square kilometers. The total population is 1,468,000, making this the third most populated county in the municipality after Chongqing city and Wanzhou. There is little or no foreign investment, other than by the Dutch company, Unilever, which has promised to plant 100,000 trees and help with the reforestation ordered by Premier Zhu Rongji after 1998.

In the first resettlement plan drawn up in 1995, only 10 percent of the migrants were supposed to be relocated outside of the district so that 90 percent of them were supposed to be relocated on mountain slopes.

Kaixian is extremely poor. During the famine of the 1958-62 Great Leap Forward, half the inhabitants of many villages perished. After 1979, the locals were among the first to go out and seek work in the coastal provinces, and their remittances now amount to as much as one billion yuan a year. Only the old and sick stay at home and tend the farms.

Kaixian’s biggest challenge has been to build an entirely new county center. To create land for it, engineers had to blast it out of hillsides. The new town is now half finished and people have slowly begun moving out of the old town, with its rundown buildings of grey brick and narrow streets, to the new city with wide boulevards, high buildings of glass, steel and cement.

It looks like it will be a big improvement for the county, which, along with Yunyang, is ranked as the poorest in Chongqing municipality.

The central government provides hundreds of millions of yuan in subsidies each year to the County and locals say all the government-owned enterprises are bankrupt or heavily indebted.

After Premier Zhu’s decision to protect slopes steeper than 25 degrees from cultivation, land had to be found elsewhere for the resettlers. The majority are being relocated in Sichuan province in such places as Shuining, Zigong, Nanchong, Youze, Daxian and Mianyang. Others have been sent to Shandong province and places like Dongyun, Hongqi and Guangan

There appeared to be two kinds of disputes in Kaixian. One disaffected group are the peasants who lost their land to make way for the new town, and another group are those who have been sent to Sichuan.

A particularly violent dispute developed two years ago between the villagers of Shuang Le Village in Sima Township. The incident, which ended in a riot and is known locally as the “August 3rd Affair,” seems to have been the most serious of its kind in Kaixian.

The incident involved close to 3,000 people who farmed prime agricultural land next to the river and near the new town. The government requisitioned the land and began pulling down the villagers’ houses. The peasants were offered 30,000 to 40,000 yuan each in compensation but this was not enough to buy houses in the new town. Villagers said they were given 15 yuan per square meter in compensation and would have to pay 280 yuan per square meter to buy housing in the new town.

The protest started after the villagers were moved out of their old houses and built themselves new but temporary houses in the new town. This land and the housing on it were then requisitioned to construct a new road. The villagers became convinced however that this land was being sold to a developer for a profit.

Before they were evicted, about 80 of the villagers staged a sit-in protest at their housing compound and a large crowd of onlookers gathered. Some said as many as 5,000 people gathered but the protestors insist they neither staged a march nor held aloft any banners or placards. On the second day, the government brought in hundreds of armed riot police from Wanxian to deal with the situation.

Eyewitnesses said Mr. Zhu Hongshu, a leader of the protest, managed to escape. Another leader Mr. Zhu Zhanlu, had his leg broken by a policeman who stomped on it. Many people were detained for several weeks but no one was charged or sentenced to prison.

After the protest, the government agreed to pay the villagers a down-payment of 10,700 yuan instead of shenghuo fei of 75 yuan per person per month.

The villagers are now living in abandoned farm houses which will be submerged next year and complain that they still do not have new homes to live in. They complained that they had to

pay 18,000 yuan each just to get planning permission to build new houses in the new town. They want the government to take responsibility of re-housing them in houses that they can afford.

In Wuyang village in Fengle township, 331 residents signed a petition in 2001 alleging that they were being cheated out of their proper compensation because the local officials had falsified the numbers. In March 2002, they sent a delegation to Chongqing with another petition. This resulted in an investigation team visiting the village, but the villagers claim there has been no further news since then.

People resettled from Kaixian to Sichuan have many complaints. A first group left in September 2000 and was taken there by army trucks. The villagers claim that the army had said they would do this for free, but the local government charged them a transportation fee of 1,800 yuan per person. A second group left in 2001.

Villagers said that those who went to Sichuan complain of the poor quality of the land, the water shortages, the high cost of electricity and the poor quality of the housing they are now living in. "None of these things were as good as promised," said one villager.

In a petition, the villagers also complained that the local officials all over the county had resorted to a strategy of exaggerating figures when making claims to the higher authorities and scaling down the real figures in order to reduce compensation payments to the villagers.

The accusations were supported by one elderly villager who produced an official government survey of the village and various official county level rule-books dealing with how to assess compensation.

The petitioners allege that the local party secretary had:

1. Exaggerated the extent of the village's arable land.
2. Increased the size of the population by adding the names of relatives to the list of inhabitants.
3. Embezzled resettlement tickets.
4. Exaggerated the size of the village's working population.
5. Falsified the number of people who left the village to work as migrant workers and had then not returned to register.
6. Removed the names of 30 older people from the list of peasants dependent on agriculture so as to avoid paying them compensation, and fabricated the names of 32 people who were supposed to be working in industry to claim extra compensation.
7. Misrepresented the nature of employment within the village to reduce compensation. Villagers who have jobs in secondary or tertiary industries (i.e. those living near towns) are allocated new land equal to 0.5 mu per person while those

reliant entirely on agriculture got 0.8 mu per person, which was enough to make a living. However, Wuyang village, which is entirely agricultural, still ended up with only 0.43 mu per person.

8. Reduced the size of the buildings to minimize payments. In one example, the secretary reduced the size of the concrete floor space of one villager, Mr. Xu Xingming, thereby reducing his compensation by 3,700 yuan.

Overall, the villagers believe they have been cheated out of a total of 720,000 yuan or 20,000 yuan per person.

The petition accused the local party secretary and village chief of corruption. They say that "the purpose of their crimes is to embezzle state resettlement funds and use the opportunity to enrich themselves. The result is that they harm the central government's policy designed to ensure the well being of relocatees, thereby rendering the policy ineffectual."

The villagers also had a long list of other accusations. They said the county government had tolerated the activities of "resettlement agents" who charged a flat fee of 1,500 yuan per person to facilitate all arrangements for relocation with the authorities.

Although none of the people who drafted and presented the petitions had been arrested by police, those who took a leading role in cataloging the corruption are being penalized by being refused permission to relocate and benefit from the resettlement subsidies.

The villagers also believe the local government had used resettlement funds to finance the water and sewage systems built at the new industrial development zone of Kaixian and other projects which have not produced any returns.

They claimed the local government also levied excessive taxes on the peasants instead of reducing them. After Kaixian suffered from natural disasters two years ago, the peasants were promised a tax holiday, a policy that was ignored in practice. The villagers said that Kaixian subverted the forestation policies by deducting five yuan from the 20 yuan per mu payment for converting terraced fields into forestry.

The villagers also said they wished to move into the new town but the authorities had denied them permission.

A separate petition from another area drawn up by the inhabitants of what they dubbed "Three Emperors Village" accused its Party secretary, Mr. Chen Yonggao, of defrauding the system.

He allegedly had built a shop and, after pulling strings, managed to get a resettlement package and with his five family members moved to another township. A year later, he returned to his original property, expanded it, and took up the job as party secretary and accountant to the village committee.

Chen is now seeking compensation for a second time, in contravention of rules saying that those who move must at the same

time either sell or demolish their property. His behavior has provoked “great anger among peasants” according to the petition which called on the authorities to dismiss him.

FENGJIE COUNTY

Fengjie County, has one million people spread over 4,100 square kilometers. It is another poor county with a large resettlement burden. The entire urban population of 60,000 has to be relocated to a new town built high above the Yangtze. This new area aims to become a center for tourism. To emphasize the necessity to complete the relocation, the county’s old town hall was dynamited live on television in early 2002.

Most of the urban and rural population are very angry and dissatisfied with the compensation offered to them, including those whom the media once held up as model resettlers.

One of these is Mr. Hong, a village leader in the first wave of migrants sent to Jinjiang County, near Xiamen in Fujian province. He had led two inspection groups who went to examine the migrant village and came back to tell his 300 fellow villagers how good it was. “If I didn’t say this the others would not go,” he said.

The new settlement covered 30 mu and each peasant was allocated 0.2 mu to farm. Altogether 2,000 people were sent to Fujian from Fengjie.

“When I left to go there the government promised us factory jobs. But when we arrived we found there were no jobs, or only work with very low pay. We felt cheated,” said Hong. Back in Fengjie he could earn 1,000 yuan a month but in Fujian, the most he could earn was 400 yuan.

They were each given 9,000 yuan but said they spent that very quickly. Some 20 percent of those who left returned complaining they could not understand the local dialect. “Without that, people felt that even the simplest thing was very hard,” Hong said.

By March 2002, everyone had had enough and prepared a petition. Over 300 people took part in a march, holding aloft banners saying they wanted to go back home. They marched to the city bus station intending to take a bus home. A group of officials from Jinjiang, Quanzhou, and the Fujian provincial government came to meet with them. The migrants put forward several demands including factory jobs, a monthly government allowance of 180 yuan, five mu of land to be used for workshops, a graveyard, the repair of leaking roofs and village landscaping.

Some of the demands were met and the protest was called off. Mr. Hong said the Jinjiang authorities then called around local factories and various departments asking them to offer money or jobs to help the new arrivals. He said the result was that the authorities collected one million yuan but he does not know what has been done with this.

“I believe that we have been cheated out of our resettlement money, and that the Fengjie government has run out of money and therefore cannot finance the departure of the third wave of relocatees,” he said.

Mr. Hong and his five-member family returned to their home village where he is now running a restaurant in his old house. When he left, local officials had rendered it uninhabitable by smashing the doors and windows, but he has fixed it up and found ways to supply the building with electricity and water.

YAOWAN VILLAGE

A few miles west of Mr. Hong’s village is Yaowan village, where peasants designated for relocation within the same area were locked in a dispute with the local government over compensation. The village lies at the foot of the abandoned site for the new city of Fengjie and along the road leading to the tourist site of Baidicheng.

The villagers had been making a good living by supplying fresh vegetables to the town on 260 mu of slopes near the river, which are soon to be submerged by the Three Gorges reservoir. They have been offered land higher up the mountain and a resettlement package of 9,000 yuan per head. They feel this is inadequate and are holding out for 15,000 yuan.

The village itself will be flooded in the third stage of the project. The villagers said the disputes started back in 1993. They are only being given 175 yuan per square meter of land and a shenghuo fei of 60 yuan per person per month.

“We want the government to either replace our land or provide proper compensation,” said one villager.

“Although central government has drawn up good policies, the local governments don’t obey them and instead issue their own local regulations,” said another.

“The government just enforces things here and gives no explanation,” said another.

On May 20, 2002, the frustrated villagers organized a protest by blocking the road through the village. Elderly villagers sat on rocks placed in the middle of the road in a peaceful demonstration.

On May 21, the Fengjie authorities summoned help from Chongqing and hundreds of police and paramilitary troops equipped with guns and riot gear arrived. The villagers said the police also bused in convicts to clear the road of the rocks.

Officials say some villagers violently resisted attempts to disperse them and the police detained more than a dozen people. In mid-September, three men labeled as the ring leaders were sentenced by the Wanxian court for counter-revolutionary agitation.

The others have been released. Mr. Wu Guizhen, a peasant in his 30s, was given a five-year sentence. Mr. Chen Xuhua, a peasant in his 60s received a two-year sentence, and Mr. Li Shangjie, in

his 40s, was also sentenced to five years. The news of the sentences were aired on local television.

“Peasants cannot defy the state,” said a villager from another village, who described the incident as the most serious in Fengjie.

“We don’t dare speak out now,” one Yaowan villager said. “If we do, we’ll be arrested.”

“There are many things we dare not tell. Sometimes the government sends spies who pretend to be journalists,” said another villager.

The villagers believe that the Fengjie government repeatedly misrepresented the peasant’s dispute and the nature of the protest to the prefectural government in Wanxian, which therefore overreacted.

TONGLIANG, CHONGQING MUNICIPALITY

In an article in *The Washington Post*, John Pomfret reported on the grievances voiced by those resettled within Chongqing municipality.

The author of this report can confirm that many others relocated to this area reported the same problems as the 500 families from Yunyang who had been resettled in Tongliang, an area 40 miles northwest of Chongqing.

The Washington Post report says that the villagers organized and signed a joint petition and one of their leaders, Yan Shugao, had come to Beijing to present it. A demonstration that they attempted to hold on November 25, 2001, was blocked by the police.

Yan Shugao had been selected to represent the village when a delegation was taken to see the land they had been allocated. There, Mr. Yan was promised good land for his group in continuous fields. When they arrived the following August, they found that in fact they had been given isolated small patches set along steep inclines and roadsides. One family was forced to till as many as four or five plots. It was land none of the local farmers wanted.

Yan and five other families have moved into a run-down, abandoned home for the elderly that they bought for more than 25,000 yuan. Yan had wanted to move his small noodle factory to Tongliang but he was told he would have to pay 7,000 yuan to obtain electricity.

The villagers complained that they made far less money than in Yunyang where they grew oranges and operated small fishing and transport boats. Some families had already gone into debt and feared that when the government subsidies ran out they would not be able to afford school fees. Many have returned to Yunyang.

URBAN ANGER

According to official figures, about 700,000 of 1.2 million relocatees of the Three Gorges Project are urban residents. Even though they are given preferential treatment, they are as angry

as the peasants. None of them have to leave the area but they are bitter about very high unemployment, corruption and the high prices charged for their new housing.¹³

In Wanxian city, new housing costs range from 500 to 900 yuan per square meter while compensation for old housing is between 150 to 300 yuan per square meter.

The discrepancy is even greater when one considers that in the old housing, average living space was less than four square meters per person, and the relocatees have no option but to buy housing with twice or three times as much space, including proper bathrooms and kitchens.

Many who are being forced to move say they have neither the savings to buy the new housing nor can they obtain mortgages. Commercial rents in the new towns are at least double what they used to pay.

The result is that as many as half of all residents are refusing to move, hoping to wangle more money in a game of chicken: officials under pressure to meet eviction quotas before the flooding may or may not finally cut a better compensation deal.

For a minority of prosperous urban residents, moving to new and better housing is welcome because most people in these towns have been laid off by local employers, especially the state-owned enterprises (SOEs).

Local government enterprises were the biggest employers. There has been almost no central government investment and even less outside investment during all the years of planning and dam construction. In Wanxian prefecture, the central government invested a mere 610 million yuan between 1949-89.

During the last decade, most local government enterprises went bankrupt. In the last five years, around two million workers in SOEs in Chongqing have been laid off, but the problem is particularly acute in the cities within the reservoir area.

A total of 955 enterprises are to be submerged out of a total of 1,380 industrial enterprises in the reservoir area. Originally, they were to be moved and modernized. About a third of the total resettlement budget was originally to be set aside for the relocation of these industrial enterprises, including 930 million yuan in compensation, and 750 million yuan in bank loans.

In 1991, Li Boning, head of the Three Gorges Migration Office, promised to relocatees that they would benefit from new industrial jobs. This has proved impossible. On the contrary, the immediate effect of the project has been the destruction of existing industrial jobs. The lack of jobs also dashed hopes that many of those who lost their farming land would benefit by at least being able to obtain urban *hukous*.

In 1999, Premier Zhu Rongji abruptly ordered that old, technically outdated factories should not be moved into the new cities and their development zones. He insisted that enterprises should be closed or declared bankrupt if they cause heavy pol-

lution, if their products have no market and/or if their debts surpass their assets.

In Hubei Province and Chongqing, this applied to 1,093 out of 1,599 enterprises. According to one report around 100,000 workers are being laid off by the closure of 500 “technological-backward” factories in the reservoir area.¹⁴

Residents in Yunyang say 8,000 workers have been laid off, which is equal to 20 percent of the workforce. In Wushan, all 70 of the town’s state-owned enterprises are reported to be bankrupt. In Fengjie, 70 of 81 SOEs, which employ 10,000 workers, are operating in the red. Since their assets do not cover their growing debts, it is unclear in the end who will have to shoulder these liabilities.

Even those local enterprises that continue to operate and make profits must soon face closure. Many are heavy polluters. Sooner or later the government must enforce tough pollution controls to protect the water in the reservoir. These polluting enterprises will probably all be shut down by 2008.

In general, county governments in rural China depend very heavily on their own local enterprises to produce profits to make up the bulk of the government revenues.

The factory closures have left most older workers and the retirees living off a monthly dole, the shenghuo fei of between 150-200 yuan, paid out of local government coffers. Often these payments, as well as government cadres’ wages, are delayed for months at a time.

Households which depend on these shenghuo fei to survive cannot afford the new housing. There is a constant stream of petitions and small-scale protests outside Communist Party offices but no one dares to organize any large-scale collective actions.

The frustrations are compounded by deep suspicions about the honesty of the local officials. All the new housing that is being built in the cities is built by the government, or rather by semi-private real estate or construction companies run by relatives and friends of government officials. Most people are convinced that the ruling Party officials are exploiting this opportunity to get rich at the expense of ordinary people.

The bitterness is also the fruit of the false optimism created by project officials such as Li Boning. In a report for the World Commission on Dams, Professor Jun Jing referred to domestic reports that criticized management of the relocation funds as “lackadaisical and involving too many agencies; local economic planning commissions, banks, resettlement offices.” No agency, he pointed out, had been given the authority to provide integrated supervision over the factory relocation process.

Some enterprises are using the resettlement funds to pay off old debts or are frustrated that they cannot use relocation funds to finance new ventures.

In several instances, enterprises have agreed to give jobs to rural relocatees, and after obtaining a share of their resettlement

money, have then sent the peasants back home. One example was the Wanxian Textile factory which hired and subsequently released 370 peasants from Gaoyang township. The result was a series of angry protests by the cheated peasants.

In many places, residents complain that the relocation funds are being frittered away on too many poorly conceived projects. Officials have found it hard to identify new commercial ventures that will flourish in a market economy. In Wanxian, the government invested \$144.6 million in a plant to produce alkaline salts designed to employ 5,000 people. The factory has never gone into production.

The government’s original report, “Outline of the Reservoir Area Economic Development,” envisaged a set of projects, which each required over 100 million yuan. These projects included the Chuandong Cement Plant (800 million yuan), a paper pulp plant in Wanxian (1.4 billion yuan), an aluminum project (2.4 billion yuan), and a mineral-fertilizer project (five billion yuan).

The region’s infrastructure is however undergoing a major upgrading. Wanxian will have a new airport; a new railway line will be finished soon and a new motorway is under construction. A large number of new bridges and roads are being built which integrate the region in the national economy. In addition, larger cargo ships will be able to operate as far as Chongqing.

All these investments, costing some 20 billion yuan, will eventually make the area much more attractive to investors than it was in the past. However, no one knows if or when the new investment will create new jobs.

Although the area’s transport and communication system will improve, there is little land available for factories and not much farming land for cash crops. It would make little sense for businesses to locate to the reservoir area when they can just as well be in Chongqing city where it has a better educated workforce.

The only cash crop that has proved successful are the oranges grown on the steep slopes. In September 2002, the State Development Planning Commission announced plans to invest four billion yuan in the orange industry. The Commission claims the investment will create jobs for “hundreds of thousands of resettled residents.”¹⁵

The scheme was conceived with the help of the Ministries of Agriculture, Science and Technology. The government will spend 3.8 billion yuan over eight to ten years to develop the orange industry with an annual processing capacity of five million tons.

To put this into context, China already has the largest citrus growing acreage in the world, producing 9.5 million tons a year on 1.3 million hectares of citrus orchards, or 18 percent of the world total. Annual global export of fresh citrus fruits, including oranges, is around six million tons.

The government report said that China's largest privately owned juice producer, the Huiyan Beverage and Food Co., has signed a deal earlier this year to build a one-million-ton orange processing plant. It will reportedly be the largest in Asia when it is completed in 2010 and will produce fruit juice soft drinks.

Further, the government plans to invest 1.1 billion yuan to breed one million cattle, four million sheep, three million rabbits and five million geese a year.

Many other parts of rural China are also competing to grow citrus fruits or raise livestock. One suspects that the only solution to the reservoir area's economy is to depend on a continuing flow of central government subsidies to ensure that the orange industry flourishes and there is a reliable supply of cheap grain.



VI. CONCLUSIONS

“Our goal is to ensure that those resettled will have better working and living conditions,” Li Boning, head of the Three Gorges Migration Office, promised in 1993. “The compensation we are offering is much higher than their expected losses.” President Jiang Zemin committed his government to ensuring “lasting peace, political stability and sustainable development in the reservoir area” as the Three Gorges coffer dam was completed at Sandouping in November 1997.

This eyewitness account documents that reality does not live up to these promises as vast numbers of people are being resettled to make way for the Three Gorges Project. From the start of the process, the government overestimated its ability to create new employment and to provide land. The displaced rural population, especially those relocated outside the reservoir area, do not have the means to regain or even raise their living standards. The majority of the urban population is unable to afford the new housing that is offered to them. All those displaced are invariably forced to pay at least twice the amount of compensation they have received for their new housing, and in some cases many times more.

The resettlement process has also been plagued by confusing policy changes, differing compensation rates, and discriminatory practices. Resettlement policies have changed every few years. Relocatees from rural areas are discriminated against in that they are not entitled to the same levels of compensation as urban residents. The authorities have sown further suspicion by offering different compensation rates from county to county. Many relocatees are deeply confused about their entitlements and have been unable to obtain full information about relevant regulations, demand redress for losses, and safely file complaints.

The state’s practice of using resettlement funds as seed money for infrastructure and industrial projects rather than for compensation purposes is also unfair to the resettlers. Even if these projects one day prove a success, employers are under no obligation to hire the relocatees.

Even worse, widespread evidence indicates that resettlement funds are routinely embezzled and diverted into the private pockets of local officials and their relatives. Everyone in the reservoir area is convinced that corruption, big and small, is rampant in the project. Corrupt suppliers cash in on construction contracts, deliver shoddy material of “tofu” quality, and endanger the local population in the process. Officials have stuffed relocation lists with phantom names and have artificially inflated land areas in order to embezzle compensation funds. The common practice of double bookkeeping makes it difficult to supervise the finances of the resettlement process, and resettlers who lack access to power and influence are the ultimate victims of the widespread corruption.

All these practices violate the promises of the responsible project officials, Chinese law, and international standards on involuntary resettlement such as the World Bank’s operational policies. In spite of all these problems, the government has not established any meaningful, independent grievance procedures. In most cases of conflict, communities have not been able to use the courts to settle their disputes.

As a consequence, the resettlement process has been marked by frequent protests. Resettlers have drafted numerous petitions often with thousands of signatures. They have sent delegations or staged protests at government and project headquarters, and have blocked roads. They have also silently returned to their original homes in large numbers.

The state has used its repressive power to respond to these protests. The police have used excessive force to quell legitimate, peaceful demonstrations. In many instances, individual citizens were thrown in jail for organizing complaints. Even the scientific and technical debate on the issues of the Three Gorges Project continues to be suppressed. As a result, many communities affected by the project live in a pervasive climate of fear, and appear to be in a state of barely suppressed fury and resentment.

The lack of independent grievance mechanisms and the punishment meted out against peaceful protesters violate China’s own laws. They are in breach of the country’s obligations under international law, including the Covenant on Civil and Political Rights, which China has signed. The widespread human rights violations also present a challenge to the governments which fund the Three Gorges Project through official export credits and guarantees.

The Chinese government has high stakes in the Three Gorges Project, as do the governments who are funding the project through their export credit agencies. Former Prime minister Li Peng has repeatedly called Three Gorges a “symbol for the superiority of the socialist system.” Western governments have decided to support the project despite the warnings of international civil society, and the more prudent position of the World Bank, which abstained from approving any funds.

The prestige and the economic interests vested in the Three Gorges Project have a stark collateral. The project is based on the exploitation and the widespread abuse of the human rights of the more than one million people affected by it. Large communities displaced by the reservoir – for example the peasants of Yunyang and Kaixian – earn as little as one third of the World Bank’s absolute poverty line of one dollar per day. It is these people – some of the poorest and most deprived citizens of China – who pay the price for implementing the \$28 billion Three Gorges Project.

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ENDNOTES

- ¹ World Bank Operational Policies, OP 4.12, paragraph 2A
- ² Dai Qing, *The River Dragon has Come!* pg 55, quoted in essay by Qi Ren "Is Developmental Resettlement Possible?" Dai Qing is a prominent Chinese author and journalist who has opposed the Three Gorges Project since the 1980s and was imprisoned for 11 months in 1989 for her involvement in democracy protests.
- ³ *People's Daily* 5/2/2002
- ⁴ Vivien Pik-Kwan Chan, *South China Morning Post*, 9/6 2000
- ⁵ Vivien Pik-Kwan Chan, *South China Morning Post*, 20/6/2000.
- ⁶ Jasper Becker, *South China Morning Post*, 14/2/1999
- ⁷ Jasper Becker, *South China Morning Post*, 2/14/1999
- ⁸ *Strategy and Management* 12/4/99
- ⁹ John Pomfret, *Washington Post* 8/5/2001
- ¹⁰ *People's Daily* 02/20/2002
- ¹¹ *People's Daily* 04/09/2001
- ¹² The dam will inundate two cities including the prefectural capital of Wanxian with a population of 340,000 and 11 counties including Fengjie, Wushan, Zhongxian, Zigui, Kaixian, Fuling and Fengdu. (see map)
- Eight cities will remain within their original location but are building new urban areas in situ but four have to be moved to a greenfield site. About 73 towns and villages will be moved higher up the mountain, and 67 are being moved to new places where the relocatees have to buy entirely new housing.
- ¹³ *China Daily* 23/9/2002
- ¹⁴ *China Daily*, 23/9/2002 "State Funds to create jobs in Three Gorges area"
- ¹⁵ *China Youth Daily* 11/09/2002





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