

# [Economic impacts of the three gorges dam essay sample](https://assignbuster.com/economic-impacts-of-the-three-gorges-dam-essay-sample/)

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Due to its enormous scale, the Three Gorges project is quite interesting in terms of economic impact, even despite the lack of data and evidence (due to the fact that the project has yet to be one-hundred percent completed) to back up these hypotheses. There were many positive and negative impacts predicted, most of which are beginning to emerge today, and all of which are closely linked to the social and environmental impacts discussed earlier. Construction

The construction of said dam was quite a massive engineering feat, which means it required a lot of time, materials and skilled labour. These resources are what pushed up the cost of construction, topping 230 million Yuan (Wikipedia), which is roughly 37 billion U. S. Dollars; a staggering figure considering the World Bank refused to fund the project on grounds of environmental and social ethics.

The project was mostly financed by private companies and central bank investors, all eager to get a share of the profits from China’s growing energy demand with dwindling supplies. The debt was fully paid off in 2012 when the dam had produced an astonishing 1000 terawatt hours or 1, 000, 000, 000, 000Wh in its short life, offsetting the cost of construction and quickly catapulting the Three Gorges dam into the monetisation stage. Energy Output

At 84 terawatts of power produced per annum, the Three Gorges does an incredible job of producing energy, and the plant alone is responsible for at least 10 percent of the country’s energy supply. Where the average revenue from sales of a Mega Watt Hour of energy is between 200 and 300 Yuan, energy companies, like the Three Gorges company, are raking in great deals of money; over 25, 000, 000 Yuan profit in a below average year of production ($4, 000, 000). This may seem quite low to some, but one must keep in mind the high maintenance standard that needs to be upheld, as well as any repairs and labour costs all resulting in high running costs. Despite the greatness of this overhead, the Three Dams Company has still managed to reach a great deal of their targets, for example repay the debts in 2012). This shows China’s high demand for energy and investors inclination to invest in “ green” technologies and energy resources. Food & Trade

The Three Gorges Dam is quite a positive force for the Hubei province, and a great step forward to advancement and development of the coastal towns and cities. The dam allows large vessels to move up and down the river, creating a channel for goods to move in and out of inland China on ships and boats alike and therefore helping to stimulate industrial growth both locally and externally. However, this new channel for goods comes at a price.

The Hubei province is largely farmland, where a great deal of the population in the area either worked the land or did odd jobs as opposed to working in offices and positions that require higher education. The Hubei region was one of China’s largest grain producers; they produced 10% of the entire country’s grain supply, 50 percent of which was rice (FactsAndDetails. com). However due to the flooding caused by the rising of the water level of the reservoir, great deals of land have been claimed by the new body of water, and the approximately 100, 000 acres of once great farmland is suddenly situated at the bottom of the river/reservoir. To compensate the people who had to leave their farms, the Three Gorges Company gave them 37, 000 acres of land for cultivation. This, yet again, is an expensive process, and seeing as this new land is not suited for the grain these people are used to growing, resulted in a slight loss of productivity as these people adjusted to producing citrus fruits and other value-added crops. Relocation

Those who did not receive land to cultivate were given a monetary sum and told to relocate to coastal cities like Shanghai, or to reincarnations of their old cities like New Wanxian. Here they would report to factories and offices for work, a difficult transition considering the lower education rates in their regions of provenance, and yet another cost to the investors as people have to be educated for their new assignments, whatever those assignments may have been. In total, 13 major cities, 140 smaller cities and towns, 1300 villages, 1600 factories and 700 schools are said to have been affected, both directly and indirectly, by the construction of the dam and creation of the reservoir, either caused by the flooding or by relocation of staff and consumers.

In compensation, besides rebuilding the cities, the investors had to add other incentives to get the local councils to approve the relocation of the people; for example, Wanxian is to have a new railroad system, a highway linking the city to Shanghai as well as a new airport large enough to handle jumbo jets. There is not much official data quantifying the actual spending, but relocation was and is the largest part of the TGD budget, with early estimates around 110 Billion Yuan ($17 Billion) and more recent estimates reaching as high as 150 Billion Yuan ($24 Billion). All this simply shows how great the economic impact of large projects like this one can spread, and how the economic impact is very much related to the social and environmental impacts. The Three Gorges Dam is a great example of a group of people going by all means to exploit a resource to its fullest, willing to overcome every economical obstacle and calculating every impact.

Bibliography

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