

Death toll, economic consequences mount from China earthquake

Alex Lantier
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The official death toll from the massive May 12 earthquake in China's Sichuan province continued to mount yesterday, even though reports from the most heavily devastated regions have not yet emerged. The quake, centered in a mountainous area near Sichuan's borders with Tibet and Qinghai province, registered 7.9 on the Richter scale and was felt as far away as the Thai capital of Bangkok, 1,900 kilometers to the south.

According to the state-run Xinhua wire service, Sichuan province Vice-Governor Li Chengyun announced a death toll of over 12,000 people, with 26,206 wounded and over 9,400 people buried under debris. Li said the partial count included 161 in the Aba Tibetan and Qiang Autonomous Prefecture, 7,395 in Mianyang City, 2,648 in Deyang City, 959 in Sichuan's capital of Chengdu and 700 in Guangyuan City. Other casualties were reported in cities including Ya'an, Ziyang and in the Garze Tibetan Autonomous Prefecture.

It is feared that these figures will increase substantially, as troops and rescue workers are only beginning to arrive near the epicenter of the quake, and current casualty figures do not count these areas. Soldiers who arrived in Yingxiu, near the epicenter, said they could document 3,000 survivors in the town's population—variously reported at 9,000 to 12,000 inhabitants.

The other figures in the official toll are widely presumed to be underestimates as well. Over 5,000 workers were in a steam-turbine factory in Hanwang when it collapsed around them, and 2,000 were buried in Shifang, where two chemical plants collapsed, spilling over 80 tons of ammonia. Officials reported that 80 percent of buildings in Beichuan county had collapsed. At least eight elementary or secondary schools collapsed in Sichuan, as well as one in the nearby city of Chongqing, burying thousands of students under the rubble. According to a report in the Chengdu-based *Sichuan Daily*, 26,000 people were injured and 18,645 buried in

Mianyang alone.

The quake's lingering effects are complicating rescue efforts. The area is experiencing numerous aftershocks from the quake, some of which have registered over 6 on the Richter scale. The quake's power and location only 10 km below the earth's surface caused ruptures and faults along an area stretching 150 km, largely to the northeast of the epicenter.

Rescue efforts are also hampered by the area's fragile infrastructure. Landslides have deposited rocks and boulders over narrow mountain roads, and telephones are also unreliable, as over 2,300 of China Mobile's cell phone towers have ceased transmitting, and fixed phone lines have been cut all over Sichuan province. Chengdu's airport reopened yesterday afternoon, after an inspection of its runways.

The tragic consequences of the earthquake underscore the ugly contradictions of Chinese capitalism, in which new industries are being built up amid massive rural poverty, and industrial wages amount to just a few dollars per day. In fact, it is precisely low wages and large-scale poverty that foreign corporations are seeking, as they move inland from higher-wage coastal regions around Guangzhou and Shanghai.

In Chengdu, local authorities have promoted a new, high-tech industrial park housing operations of multinational firms such as Motorola, Alcatel, Intel, IBM, and Nokia in an attempt to make the city the "Silicon Valley of China." However, other buildings in the city and region are largely old and vulnerable. This state of affairs is emblematic of the callousness of the ruling Chinese Communist Party, which has become an agent for corporate interests as it has transformed China into the low-wage workshop of the world.

Even though Sichuan has a history of violent earthquakes, few buildings there are built to withstand them. Seismologists were so concerned that the region

was due for another major earthquake, according to the *China Daily*, that Chen Xuezhong of the State Seismological Bureau wrote a paper in 2002 warning the Sichuan would face a major earthquake in the “next few years.” However, even the inadequate building codes passed in the aftermath of the 1976 Tangshan earthquake—which killed 270,000 people—were not enforced.

On May 13 *Newsweek* spoke to Weimin Dong of Risk Management Solutions, a firm that specializes in assessing financial risks due to physical catastrophes like storms and earthquakes. He noted that the current earthquake’s intensity—a measure of how far the ground moves from its original position during the earthquake—was over 9, whereas Chinese building codes require that buildings be able to survive an earthquake of intensity 7.

Asked why the requirements were set so low, Dong said: “You cannot require all of the buildings designed to [be fully equipped], because it costs a lot. You have to have larger beam sizes and everything else, so it’s a cost consideration. [...] It’s not like in Beijing or Shanghai—there they just pull down the old building and build a new high-rise. But in the rural areas, the larger buildings are the older buildings.

“From the pictures of the schools, it seems like there was some kind of reinforcement, but it [was] not well designed [and] it doesn’t seem like the building design considered the impact of earthquakes at all.”

Dong added: “The city of Chengdu, the capital of Sichuan province, is about 95 kilometers [60 miles] from the epicenter. This area has a lot of masonry building, brick building, adobe building. Some maybe have a wood frame building with some clay surrounding it. The buildings aren’t really engineered. [...] We shouldn’t be surprised that 80 percent of the buildings collapsed” in certain areas.

Analysts interviewed yesterday described the financial impact of the earthquake as minimal, citing Sichuan’s poverty. *Forbes* predicted: “economic damage will be minimized by the remoteness of the region to China’s prosperous and densely populated eastern coast. Sichuan, a southwestern province of 80 million [6 percent of China’s population], contributes 3.9% to China’s GDP and 2.5% of its manufacturing output.”

In an attempt to minimize concerns that the earthquake could wreak similar havoc on the Chinese economy as the February 2008 snowstorms, analysts at Merrill Lynch wrote: “the earthquake took place in regions almost

negligible for China’s external trade. This is quite different from the snowstorm, which affected both the Pearl and Yangtze River deltas.” These river valleys contain important sections of China’s export industry, power generating plants, and flow into the sea near the metropolitan areas of Guangzhou and Shanghai, respectively.

However, the earthquake may still have damaging consequences for the larger economy. Sichuan province houses 40 percent of China’s natural gas deposits and 22 percent of its natural gas production, and its pipelines and treatment facilities were shut down after the earthquake as a safety measure. Merrill Lynch analyst Ting Lu told Bloomberg News he could not say how much these disruptions would ultimately affect China’s power supply.

China faces large-scale power shortages due to insufficient power-generating capacity, and the central government provides subsidies for Chinese energy companies to sell oil and natural gas to users at low prices. If, however, China is forced to buy natural gas directly on international markets, these subsidies would become more expensive to maintain, raising the risk that Chinese industry would pay higher energy bills and pass the costs along to consumers.

Sichuan province is also a large agricultural producer, of rice and especially pork. Should transport and freight disruptions persist, the result could be smaller supply and higher prices for food in China at a time when food costs are already rising very quickly. Inflation was 8.5 percent in the year ending in April 2008, according to a recent report in the *China Daily*, with food costs rising 22 percent. In 2007, the price of pork increased 55 percent, cooking oil increased 34 percent, and vegetables increased 30 percent.



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