

Economic impact of earthquake

The dark day of February 2023 brought a sequence of fierce earthquakes that hit hard to the regions of southern and central part of Turkey and northern and western part of Syria. Natural disasters such as earthquakes, floods, typhoons, and hurricanes can cause severe harm to economies, destroying equipment, buildings, and infrastructure while disrupting the lives and production of the human being.

The economic crash of the earthquake was not one time but would depend to a significant extent on the fiscal retort. The establishment has fiscal space to fund various support procedures as the level of public arrears and the cost of servicing it remains reserved relative to the GDP. They have pledged more than \$5 billion for the recovery attempt and international support that can further help with financial restoration.

If we talk about the comparative analysis of the 1999 and 2023 earthquakes, the net the impact on growth is likely to be less than 1% of output in 2023, in the context of significantly higher public expenditure. These estimates are, on the other hand, subject to major ambiguity as resurgence efforts continued at the time of writing.

The economic impact of the earthquake always depends on how devastating it is to begin with, pre-existing unfavorable economic conditions and the economy's ability to redirect resources towards recovery. The poorer the economy, the lower government spending and institutions, the more significant the negative effects of earthquakes as far as the growth is concerned. The effects are also unequal within countries, the poorest often being the most exposed to the consequences of natural disasters.

While examining the average impact of over 40 major earthquakes in 25 countries, the results showed the experience of countries in response to earthquakes with at least 1000 deaths, including other severe damages in Chile, Colombia, Haiti, India, Indonesia, Italy, and Japan. The performance of economies experiencing earthquakes was also compared with similar economies without natural disasters. These comparators are chosen to be comparable to the affected economy in terms of GDP per capita, growth of the variable of interest (such as GDP or government spending), population, and population density.

In the year after an earthquake, GDP is, on average, around 1 percentage lower point in the economies affected by earthquakes than in other comparable economies, although the difference is not statistically meaningful, reflecting the large variation in growth results. The impact is also of short duration, as major reconstruction efforts stimulate GDP (notably through an increase in public expenditure).

I think it's a wake-up call. I think what has happened over the last the years is that people have wanted to believe that earthquakes are no longer occurring and it's now just floods and wildfires that can impact the nation's economy. So this is a reminder of what can happen very clearly, such as a context in which large earthquakes occur. This is our future. And the difference between a comparatively innocuous earthquake and a catastrophe is how well we build our economic strategies for these hard times and how well we prepare to overcome with the economic crisis.