ECONOMIC IMPACTS OF NATURAL DISASTERS

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The inherently harmful and unquiet nature of natural disasters might end in serious economic losses. The disaster literature though mostly remains inconclusive, providing restricted systematic proof on however natural disasters have an effect on economic process. Many studies have examined the sector-specific (namely, agricultural, industrial, etc.) economic impact of natural disasters together with their impact on gross domestic product (GDP) growth. The current study re-examines the link between natural disasters and economic process and aims to contribute to the fairly restricted disaster literature by estimating the disaster and sector-specific average growth effects within the short-to-medium term (up to five years). The motivation for this analysis was twofold. First, to quantify the short-run, economy-wide and sector-specific impacts of natural disasters which can assist the policymakers in their pre- and post-disaster recovery and reconstruction efforts, and second, to raised perceive the link between economic development and disaster resilience to modify the convergence of disaster risk reduction and development goals, which may even be the pathway to realize the United Nation's property development goals Ackerman and Munitz (2012).

In recent years, a major rise within the frequency and intensity of natural disasters has resulted in severe loss of human lives and destruction of physical capital. The loss and damages caused by natural disasters are expected to raise any in future mostly because of global climate change and also the accrued disaster exposure and vulnerability of our trendy societies. In general, the character of disasters and their impacts are localised. However, the direct damages (human deaths, injuries, property losses, etc.) caused by the initial impact of natural disasters might result in indirect damages (of potential wages and capital) at the macro level in terms of forgone production and agricultural output, thereby touching the country's value within the long run. Therefore, a study of the political economy impact of natural disasters becomes extremely relevant. The prevailing growth theories fail to supply sturdy inferences on the attainable growth effects of natural disasters Barbier (2012).

The classical theories postulate that natural disasters don't have any important impact on technological progress. Disasters may increase growth within the short term by shifting economies from their traditional growth methods. On the opposite hand, the endogenous growth models predict negative effects of natural shocks on gross production and later on economic process. The expansion models supported Schumpeter's artistic destruction theory advocate that there could also be positive effects of natural disasters on economic process, as the physical destruction caused by natural disasters might trigger bigger investment within the reconstruction and/or upgradation of existing physical capital. The indefinite of the prevailing growth models in explaining the expansion effects of natural disasters has driven the sooner research during this space Cuaresma (2010).

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