THE ECONOMIC IMPACT OF THE CANTERBURY EARTHQUAKES:
THE SHORT, THE LONG, AND THE UNCERTAIN

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NOV. 2013

THE CANTERBURY EARTHQUAKES AT A GLANCE

4/9/2010 and 22/2/2011
Over 150,000 homes sustained damage.
30,000 houses exceeded the $100K EQC limit.
EQC is handling more than 468,000 claims; to date $6.5B settled (about 50%).
7414 houses ‘red zoned’ (about 200 are still hold-outs)
Rebuild is currently estimated to cost around $41B (20% of NZ GDP)
- $20bn residential, $3bn infrastructure, $18bn commercial

ACKNOWLEDGMENTS
Lecture based on:
- Work by Miles Parker & Daan Steenkamp (RBNZ & VUW)
- Joint work with Lisa Doyle (VUW), Eduardo Cavallo (IADB), and William duPont (WSU)
- Work done by students in ECON 351

NEAR-TERM MACROECONOMIC IMPACT
(NATION-WIDE)

THE INITIAL IMPACT ON GDP

THE INITIAL IMPACT ON INFLATION (CPI)
THE INITIAL IMPACT ON CPI

Accounting for policy changes that mitigated the macroeconomic impact.

Evidence from other countries/cases.

And what about short-term regional impacts?

RETAIL SALES (PAYMARK TRANSACTIONS)

WHAT ABOUT EXPORTS OF SERVICES?
VISITOR NUMBERS FELL DRAMATICALLY

FEWER INTERNATIONAL STUDENTS

THE LONG-ROAD AHEAD

TYPICAL POST-DISASTER TRAJECTORY

INCREASED JOB VACANCIES

EMPLOYERS
Que Sera Sera….

"Would you tell me, please, which way I ought to go from here?"
"That depends a good deal on where you want to get to," said the Cat.
"I don't much care where," said Alice.
"Then it doesn't matter which way you go," said the Cat.
"--so long as I get SOMEWHERE," Alice added as an explanation.
"Oh, you're sure to do that," said the Cat, "if you only walk long enough."

Lewis Carroll

IT DOESN'T ALWAYS END IN 'NORMAL'...

NOT EVEN TODAY...

Reconstruction in 2011

<table>
<thead>
<tr>
<th>Disaster</th>
<th>Insurance Coverage (estimates)</th>
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</thead>
<tbody>
<tr>
<td>Tohoku earthquake</td>
<td>20%</td>
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<tr>
<td>Bangkok floods</td>
<td>25%</td>
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<tr>
<td>Hurricane Irene - USA</td>
<td>45%</td>
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<tr>
<td>Christchurch earthquake</td>
<td>80%</td>
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</tbody>
</table>

Prediction is very difficult, especially about the future

REDEMPTION?

The Scream of Nature
THE BARD:

• Risk taking and its dangers
• 'The wrath of God' as an excuse

BIBLIOGRAPHY


CERD. (2013). Canterbury Economic Indicators, August (issued quarterly).


