

TABLE OF CONTENTS

ABSTRACT	x
1. INTRODUCTION	1
1.1. Background	1
1.2. Research Questions	6
2. THEORETICAL FRAMEWORK AND LITERATURE REVIEW	7
2.1. Theoretical Framework	7
2.2. Literature Review	10
3. DATA.....	14
3.1. The Indonesian Family Life Survey (IFLS).....	14
3.2. Earthquake dataset: USGS Earthquake Hazards Program.....	16
3.3. Descriptive Statistics	25
4. EMPIRICAL APPROACH AND IDENTIFICATION STRATEGY	28
4.1. Baseline Setup and Identification Strategy	28
4.2. Short-run and Medium-run Effects	30
4.3. Heterogeneity by economic levels	31
5. RESULT AND DISCUSSION	32
5.1. Household consumption.....	32
5.1.1. Effects on household consumption	32
5.1.2. Short-run and medium-run effects on consumption.....	33
5.2. Household Assets	36
5.2.1. Effects on household asset stocks	36
5.3. Household Borrowing	42
5.3.1. Effects on household borrowing behavior	42
5.3.2. Short-run and medium-run effects on household borrowing behavior.....	43
5.3.3. Short run and medium run effects on household borrowing behavior: by economic levels.....	45
5.4. Mitigating Role of Formal Credit Access On Consumption.....	47

5.5.	Potential Mechanism: Damage to Household Infrastructures.....	49
5.6.	Robustness Checks.....	51
5.6.1.	Experience of multiple earthquakes.....	51
5.6.2.	Excluding the most severe earthquakes.....	52
6.	CONCLUSION.....	54
6.1.	Summary of Key Findings.....	54
6.2.	Policy Recommendations.....	55
6.3.	Research Limitations.....	57
	REFERENCES.....	60
	APPENDICES.....	65

LIST OF TABLES

Table 2.1. Classification of coping responses following disaster shocks.....	
Table 3.1. Incidence of earthquake exposure in the IFLS sample.....	
Table 3.1.2. Distribution of affected (MMI > 4) households: by province	
Table 3.1.3. Cross-tabulation of geophysical exposure and self-reported earthquake severity measures.....	
Table 3.2. Descriptive statistics.....	
Table 5.1.1. The effects of past exposure to earthquakes (t to t-6) on household consumption.....	
Table 5.1.2. The effects of past exposure to earthquakes on household consumption: short run and medium run effects.....	
Table 5.2.1. The effects of past exposure to earthquakes on household asset stocks: short run and medium run effects.....	
Table 5.3.1. The effect of past exposure to earthquakes on borrowing behavior..	
Table 5.3.2. The effect of past exposure to earthquakes on borrowing behavior: by earthquake timing.....	
Table 5.3.3. Short-run and medium-run effects on household borrowing: by economic levels.....	
Table 5.4.1. The mitigating role of formal credit access on consumption.....	
Table 5.5.1. Effects of past exposure to earthquakes on household infrastructures..	
Table 5.6.1. Short-run and medium-run effects on consumption: accounting for earthquakes experienced in both periods.....	
Table 5.6.2. Effects on household consumption and assets: excluding the most severe (MMI > 6) earthquakes.....	

LIST OF FIGURES

Figure 2.1. Stylized model of asset shocks and poverty traps adopted from Carter et al. (2007).....	
Figure 3.2. MMI distribution of matched IFLS subdistricts.....	
Figure 4.1. Spatial distribution of affected IFLS subdistricts.....	
Figure 5.2.1. The effect of past exposure to earthquakes on household assets: by economic levels.....	

LIST OF APPENDICES

Table A1.1. Earthquake intensity and shaking description based on the MMI scale....	
Table A1.2. List of Variables and Definitions.....	
Table A1.3. Distribution of households affected by severe earthquakes (MMI >6): by province.....	
Figure A1. Spatial distribution of MMI > 5 and MMI > 6 earthquakes in matched IFLS subdistricts.....	
Table A2. Descriptive statistics by rural-urban subsamples.....	
Table A3. Effects on the probability of selling assets by MMI thresholds.....	
Figure A2. Effects on house, land and building, and movable assets by economic levels.....	
Figure A3. Effects on the probability of selling assets by economic levels.....	
Table A4.1. Short-run and medium-run effects on consumption (MMI > 5) all, rural and urban subsamples.....	
Table A4.2. Short-run and medium-run effects on consumption (MMI > 6) all, rural and urban subsamples.....	
Table A5.1. Short-run and medium-run effects on assets (MMI > 5) all, rural and urban subsamples.....	
Table A5.2. Short-run and medium-run effects on assets (MMI > 6) all, rural and urban subsamples.....	
Table A6.1. Short-run and medium-run effects on borrowing behavior (MMI > 5) all, rural and urban subsamples.....	
Table A6.2. Short-run and medium-run effects on borrowing behavior (MMI > 6) all, rural and urban subsamples.....	