

Long-Lasting Income Shock and Adaptations: Evidence from Coral Bleaching in Indonesia

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October 22, 2015

Abstract

This paper explores how people adapt after a climate shock, coral bleaching, that has long-lasting impacts on income. Coral bleaching, which is mainly caused by abnormally high sea surface temperature, has significant effects on fish and other marine life. Using panel data from Indonesia and exogenous variation in bleaching, I find that fishery households in coral bleaching areas experienced a fall in income relative to other households. Affected households were also more likely to migrate in the short run. In the medium to long run, they tended to increase their labor supply, take second jobs, and switch to another industry. I also find evidence for declines in most consumption measures in the short run. Protein consumption dropped the most, and grain consumption almost did not change. This fall in consumption is due to both the decreases in income and protein availability.

JEL CODES: O13, Q54, J22

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²For the full paper, please visit https://dl.dropboxusercontent.com/u/13416847/JMP_Chaijaroen.pdf.