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IMPACT OF ECONOMIC DISASTERS ON SUSTAINABILITY: A GLOBAL ANALYSIS

Abstract:

The paper empirically investigates the effect of economic disasters on sustainability worldwide. Departing from conventional literature, the study emphasizes economic disasters, defined as severe crises resulting in significant drops in GDP (10% and more), as the key variable of interest. Unlike typical analyses that focus solely on economic crises, this research broadens the scope to encompass various aspects of sustainable development, recognizing its multidimensional nature beyond environmental concerns. Employing different aggregated sustainability indices and disaggregating them into components, the study explores both short- and long-term effects across countries at different development levels. Results indicate that economic disasters detrimentally impact sustainable development proxies such as adjusted net savings and the Human Development Index, particularly affecting low- and low-middle-income countries. The study also reveals varying impacts on specific Sustainable Development Goals, CO₂, deforestation rates, particulate emissions, energy efficiency, and material footprint.

Keywords:

economic disasters, sustainable development, disaggregated analysis, dynamic panels, environment, SDGs

JEL Classification: G01, O10, Q01