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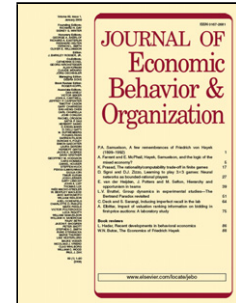
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# Catastrophes and Time Preference: Evidence From the Indian Ocean Earthquake\*

Michael Callen<sup>†</sup>

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## Abstract

We provide evidence suggesting that exposure to the Indian Ocean Earthquake tsunami increased patience in a sample of Sri Lankan wage workers. We develop a framework to characterize the various channels through which disaster exposure could affect measures of patience. Drawing on this framework, we show that a battery of empirical tests support the argument that the increase in measured patience reflects a change in time preference and not selective exposure to the event, migration related to the tsunami, or other changes in the economic environment which affect experimental patience measures. The results have implications for policies aimed at disaster recovery and for the literature linking life events to economic preferences.

**JEL Classification:** D91 (Intertemporal Consumer Choice), Q54 (Natural Disasters),  
**Keywords:** Natural Disasters, Time Preference, Preference Stability, Regression Discontinuity

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