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DANGEROUS NATURAL PHENOMENA IN THE SYSTEM OF
POLITICAL RISKS: CURRENT TRENDS

Goryushina Evgeniya Mikhailovna (a)*

*Corresponding author

(a) Southern Scientific Center of Russian Academy of Sciences, 41, Chekhova ave., Rostov-on-Don, 344006, Russia,
esherder@gmail.com

Abstract

The paper reflects modern changes in the perception of disaster risks in the system of political risks based on foreign experience. Global climate change is attributed to ever-higher rises in concentrations of greenhouse gases that exacerbate climate impacts, concomitant sea level rise and extreme weather events, which, combined with urbanization, environmental degradation and water depletion, entail mutually conditioned disasters. Global transformations over the past two years, including ever-higher rises in concentrations of greenhouse gases that exacerbate the climate impacts, concomitant sea level rise and extreme weather events, which, combined with urbanization, environmental degradation and water depletion, are leading to mutually conditioned disasters, as is the COVID-19 that has shaped the trends in the field of risks of natural hazards since the end of 2020. The study is indicative and based on foreign academic and expert experience in assessing political risks and risks associated with natural hazards. US experience shows that ever-expanding turbulence in the United States and globally (in particular, in the wake of discontent with COVID-19 restrictions) may call for just a single local event for major unrest to spread to other cities or even regions.

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1. Introduction

Global climate change has been crucial in the political agenda of many developed countries. Back in 2006, Bonn (Germany) hosted the Third International Conference on Early Warning to provide policymakers with effective tools to create global warning systems in reducing disasters. However, in 2019, world leaders demanded a change of direction.

2. Problem Statement

This is attributed to ever-higher rises in concentrations of greenhouse gases that exacerbate climate impacts, concomitant sea level rise and extreme weather events, which, combined with urbanization, environmental degradation and water depletion, entail mutually conditioned disasters.

3. Research Questions

What is more, 2020 marked the year of the worldwide COVID-19 pandemic, which transformed the perception of natural hazards in the political risk system.

4. Purpose of the Study

The paper aims to explore foreign experience (academic and expert) that will help highlight current trends in disaster risk management and amend theoretical and methodological developments in light of the COVID-19 pandemic.

5. Research Methods

The paper results from an abstract review of a number of English academic publications featuring the changes in the perception of multi-hazard risk assessment in relation to political risks and threats.

6. Findings

Since pandemic 2020, researchers and experts have been actively introducing the phenomenon of natural disasters into the political risk assessment system. Thus, representatives of the insurance sector are one of stakeholders who are faced with the challenge of assessing insured property losses caused by a natural disaster. The head of Property Claim Services (Verisk Group) Tom Johansmeyer (2020) is convinced that 2020 has brought about three key global changes:

1. Political risk begins to integrate into disaster response mechanisms.
2. Budget cuts (at national level) can exacerbate disaster response, potentially increasing insurance claims.
3. The riots in the United States could become even more widespread and cover almost the entire world if one additional minor, but local event (trigger) occurred. We are now talking about the riots in the United States that began on May 26, 2020 in Minneapolis (Minnesota). An ongoing series of protests

against police brutality was a transnational reaction to the death of African American George Floyd while detained by police officer Derek Chauvin. Known in the US as The George Floyd protests.

The last statement is interesting in that it draws an analogy: Johansmeyer actually emphasizes the importance of cascading events. Both in natural hazards and disasters, and in political instability and political risks, an interdependence and consistency (or simultaneity) mechanism is vital. In other words, researchers find it essential to make a decision as to what exactly was the trigger, and what consequences the whole set of multidimensional events can have.

However, Johansmeyer also emphasizes that natural disasters have always involved a significant element of political risk. The analyst explains this by the fact that disaster response mechanisms involves seeking help either from other countries or non-governmental organizations (NGOs), or financial resources allocated by that country where a large-scale disaster occurred. Therefore, decision making as a follow-up to a natural disaster cannot be devoid of political calculation. Moreover, it is important that in countries with developed economies the effect of political risk is more manageable than in countries with developing economies that Russia falls within (as per the classification of the International Monetary Fund).

Nevertheless, 2020 has changed the way political risk assessment for natural hazards is concerned. Johansmeyer stresses the importance of the COVID-19 pandemic that has triggered growing instability around the world (in particular, economic tensions and social unrest). Simultaneously with these processes, political risk is increasingly being mainstreamed into a set of measures to respond to catastrophes and natural disasters, becoming more and more involved in the hazardous impact assessment. Obviously, political risk (as a way of measuring natural disasters) needs to be thoroughly aligned in the insurance industry, as well as among professionals from various nongovernmental organizations and aid agencies.

7. Conclusion

Since 2020, there have been five major threats where political risk could become a greater factor in disaster risk and response:

Immediate disaster response.

This suggests that a natural hazard requires immediate human response to save lives and protect property. “Having received information about disaster risks, government organizations should assess a likelihood of mitigating these risks and preventing severe consequences of possible hazards. It should be clear from the risk assessment where the society is most vulnerable to hazards that might occur. Priorities can then be set to avoid, reduce, transfer or keep the risk (Jaiswal & van Westen, 2009). Possible measures could include restrictions to reside in areas prone to natural disasters (Matishov et al., 2017), tightening construction codes so that buildings can withstand phenomena such as earthquakes and storms, strengthening flood defenses, limiting logging to prevent landslides, and public awareness raising about disaster risks and disaster response (Jongsma, 2014). Policy decisions can be critical, especially when it comes to extent and speed of mitigation measures (including financial assistance) following a disaster.

Pandemic and complementary restrictions.

A major natural disaster may entail a mass evacuation or other large-scale assistance activities, the use of personal protective equipment, social distancing protocols, along with other measures to limit the spread of COVID-19. All these conditions can significantly complicate or prevent emergency staff from providing assistance to victims of a natural disaster. In other words, political factors can turn efforts to help victims into a mechanism promoting the spread of the virus, or, conversely, lead to the so-called super-spreading event (SSEV), an infected organism with increased transmissibility. In the context of human-borne infections, a super-spreader is a person who is more likely to infect others than a typical infected person. Super-spreaders are attracting special attention from epidemiologists. These changes have further economic impacts that could bring about temporary downsizing, limited access to disaster-stricken areas, disruption to food and safety supply chains, and higher crash recovery costs incurred in the aftermath of the disaster.

Political impasse.

This risk is notable for the fact that it is more characteristic of the United States, where there is a problem of polarized voting in the Senate, which creates “legislative deadlocks” leading to a failure or delay to respond to disasters and work out disaster preparedness measures to provide humanitarian aid. Meanwhile, the US experience is not indicative for the rest of the world, but experts from major analytical agencies assessing the risks of natural hazards assume it as a basis.

Voting as a political indicator of change in disaster-prone regions.

This political risk is most pronounced when support is distributed based on the political preferences in disaster-stricken areas. This encourages a sort of situation when a cross-border disaster (in the case of the US experience, the cross-border disaster is due to several states to be hit by a disaster) can lead to unequal federal support intended for each disaster-hit territory, depending on political beliefs. As the electorate becomes more polarized, the risks of such behavior increase dramatically. It can also entail second-tier risks like strikes, riots and civil commotion (SRCC), which in turn rely on the public’s belief that elected officials have treated them unfairly. In riskology, the abbreviation SRCC (from Strike Riot and Civil Commotion) implies the risks of strikes, civil unrest and turbulence. In most cases, such risks are not covered by insurance agencies, but in some cases they can be insured under a separate agreement between the insurer and the policyholder.

“Whatever follows strikes, riots and civil unrest”.

The international insurance industry is familiar with the concept of fire following earthquake (Scawthorn, 1986; Zolfaghari et al., 2009) when it comes to earthquake losses. After 2020, it may be time to add “whatever comes after strikes, riots and civil unrest” to the industry-specific vocabulary. On the one hand, social unrest did not go any further and cross the boundary of one country (or even a state, if we are talking about the state of Texas and the February collapse of 2021, when for almost a week people living in the world energy capital were without electricity at low temperatures, and about 200,000 Texans were left without electricity, even more people without water).

On the other hand, 2020 turned out to be a year of active natural disasters as well as major riots and civil unrest in U.S. history (including the U.S. riots that began on May 26, 2020 in Minneapolis) that should attract wider international attention to political risk assessment.

Then, why should political risk be even more closely related to disaster risk after 2020? US experience shows that ever-expanding turbulence in the United States and globally (in particular, in the wake of discontent with COVID-19 restrictions) may call for just a single local event for major unrest to spread to other cities or even regions. It is likely that this role could be assigned to natural disasters, depending on other concomitant social and economic factors. Therefore, in the long term, political risk can also be embodied in disaster risk. Hence, it is important to integrate climate change (and public attitudes towards it) as a political risk.

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