



GLOBAL AWARENESS

If global warming is playing havoc with the global climate, what about the economic climate? Last summer I pondered some of the implications of global warming for our financial wellbeing. I think we can expect big changes in the next decade – but not a total economic meltdown.

Last year's scientific Stern Report on Global Warming put things bluntly when it argued that whatever we choose to do, we're in for an economic upheaval at least on a par with the 1930s Depression. Financial consequences include:

- * Environmental friendliness will be a more standard criterion when we go shopping.
- * Old-fashioned 'smokestack'

industries will face huge costs in order to clean up their act. They'll need to restructure and this will hurt sectors in big economies such as the USA and Korea.

- * Agriculturally successful nations will also face chaos; think of Australia and its huge problems with drought.
- * Other new-school firms will emerge. Every change, after all, brings opportunities. A drought problem for farmers may be balanced by large hydro projects for the engineering sector.
- * Taxes will certainly change and even increase.

The Stern Report emphasises that every country is in the position to choose between what I'd call a soft-landing versus a nasty jolt. The first option is much cheaper and involves readjustment rather than crisis, but this places responsibility on all individuals to play their part.

Happily, a bit of energy-efficient thinking can improve the fortunes of the world and our finances. ▣



MONEY TALKS

Susanna Stuart on how global warming will affect our pockets as well as the planet

MAKINGCENTS

Send your questions to next@acpmagazines.co.nz



Q Why are house prices still creeping up, despite the cash rate being increased and the ever-rising cost of paying off a mortgage?

Michelle, Hastings

A The Reserve Bank endeavours to keep inflation at bay by raising interest rates and making mortgages cost more. However, the property market continues to remain reasonably robust, in part supported by increased net migration, but mainly due to banks competing vigorously with lower fixed mortgage rates. Home owners are also feeling secure in their jobs and are eternally optimistic that their property will keep going up in value. At some point, high interest rates and the lack of affordability for first-home buyers will act as brakes on the property market, especially if the job market weakens.

save the planet and save money

Starting your own personal campaign to reverse global warming can free up a surprising amount of cash in your household budget.

around the home

- * Use a clothesline, not a dryer.
- * Invest in solar water heating. It'll pay for itself within six years.
- * Leaving the room? Turn off the light and unplug unused appliances. Five per cent of domestic power is used by appliances left on idle.
- * Use less hot water.
- * Buy recycled paper products and avoid bulky packaging.
- * Buy 'low-mileage' locally grown and produced foods.

In the USA, the average meal travels 1900 kilometres from farm to table.

- * Buy fresh foods. According to

the climate crisis website, frozen foods use 10 times the amount of energy to produce.

in the car

- * Keep your speed down and windows shut. This can save 10 per cent in fuel costs if you don't use the air conditioning.
- * Keep the tyres pumped up firm. This will cut your petrol use by three per cent.
- * Service the car and change the air filter. This can boost fuel economy by five per cent.
- * Buy a smaller car.

For more on climate change and what you can do about it, visit www.climatecrisis.net