

The Wellingtonian Editorial: Be careful who you listen to - The Wellingtonian, 10 December 2009

OPINION: By economists' measures, the recession in New Zealand was over by the end of June, when a modest 0.1 per cent gain was recorded in the gross domestic product.

That will be of small comfort to the increasing number of families who have already lost their family homes in mortgagee sales. Their number has grown exponentially since the recession began in early 2008 and shows no sign of abating. In fact, according to the most recent figures, the rate of mortgagee sales is increasing rapidly.

Of course, unlike prudent households, businesses and governments, economists count spending as a positive thing, whereas everybody else just tries to spend less than they earn in the long run.

As is its custom, the real estate industry has talked up apparent gains but, in reality, not much property is changing hands.

It is in real estate agents' interests for people to think it would be worth their while to sell their home at the moment, and the more buyers are convinced they need to pay, the better.

Even at the depth of the recession, the real estate industry, running its own agenda, was producing absurdly optimistic statements.

Although the recession is officially over, the hangover from the hard times will be with us for some time to come, as our front page story this week indicates.

A family's financial decline can be quite slow when one or more of the breadwinners lose their jobs.

As New Zealand Federation of Family Budgeting Services chief executive Raewyn Fox told us, people will muddle along as best they can for some months – sometimes using their savings and deferring bill payments – before seeking help or reaching the point where they or their bank is forced to sell their home.

She recommends immediate action when an income drop looms.

The silver lining on the recession cloud is that people have made adjustments in the tough times and maybe those habits will stick.

Ms Fox has observed that more people walking from the station to their office each morning are carrying lunch bags than she has noticed before.

Some of the contents of those bags probably didn't come from a supermarket. Garden centres have told us the trend for home-growing vegetables is still increasing and that people are planting fruit trees as well.

Fashionistas are satisfying their needs at recycled clothing stores, exchanging old for new for a lot less money.

Recreational shopping habits nurtured through years of full employment and cheap imported goods are being fed now at second-hand record and bookshops.

Trade Me continues to grow and the library reports increasing free borrowings and decreasing charge loans.

People are beginning to adopt some of the lifestyle practices of a couple of generations ago, when the Great Depression and World War II were recent memories.

Most homes had veggie patches and many kept chooks.

People would be well advised to keep up their recession-survival practices for a while yet, and it would be no bad thing if they never stopped them.

Less goods travelling from Asia and more money kept in Wellington and New Zealand can only be good for everybody.