

## Open Schools Journal for Open Science

Vol 8, No 2 (2025)

Vol. 8 No. 2 (2025): Open Schools Journal for Open Science - Special Issue -IDEA Conference Proceedings



### Climate Change and Its Economic Consequences

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doi: [10.12681/osj.43788](https://doi.org/10.12681/osj.43788)

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#### To cite this article:

Veloudos, G. (2025). Climate Change and Its Economic Consequences. *Open Schools Journal for Open Science*, 8(2). <https://doi.org/10.12681/osj.43788>

# Climate Change and Its Economic Consequences

Giannis Veloudos

## Introduction

Imagine you're walking on a beach that you've visited every summer since you were a child. The shoreline is exactly how you remember it—warm sand beneath your feet, seagulls circling overhead, the scent of salt in the air. But after a few years away, you return and something is different: the waves now reach much farther up the beach, the sand looks thinner, and the seawall that once felt safely distant is now dangerously close to the rising tide. That beach, a place of fond memories, has changed—quietly, but unmistakably.

This story mirrors what is happening around our planet: subtle but significant changes that accumulate over time. We call this phenomenon climate change—an ongoing alteration of earth's weather patterns and temperatures, largely influenced by human activities. Today, I want to talk about what climate change is, why it matters to each of us, and how it impacts our communities, our nations, and our future—from both an environmental and an economic standpoint.

## Understanding Climate Change

**Definition:** Climate change refers to significant and lasting changes in global temperature, precipitation, wind patterns, and other elements of Earth's climate systems.

**Greenhouse Gases:** Activities like burning fossil fuels (coal, oil, natural gas) for energy release greenhouse gases—such as carbon dioxide (CO<sub>2</sub>) and methane—that trap heat in the atmosphere. This is known as the greenhouse effect.

**Effects:** Rising global temperatures lead to melting ice caps, higher sea levels, more frequent extreme weather events, and shifts in wildlife habitats.

These changes are what scientists often call the climate crisis—a term reflecting the urgency of the situation. It's no longer a distant threat we discuss as some vague possibility; it's happening right now and affecting the world we live in.

## Why It Matters

**Environmental Impact:** You've likely heard about stronger hurricanes, prolonged droughts, or wildfires. All of these are consequences of the planet heating up, which disrupts the balance of ecosystems.

**Social Impact:** Communities are already facing water shortages and food supply disruptions. Some island nations are at risk of losing large areas of land to rising seas, forcing people to relocate.

## Economic Consequences at the Micro and Macro Levels

Now let's talk about the economic aspects—how these changes affect us as individuals and as part of a global system.

***a. Micro-Level (Individual and Household Impact)***

**Rising Costs:** If you think about your family's expenses, consider electricity and heating bills. As temperatures rise, the need for air conditioning might increase, driving up household energy costs.

**Job Markets:** Certain industries—like farming or fishing—are heavily dependent on stable weather patterns. When droughts or floods become more frequent, jobs in these areas can be at risk.

**Insurance and Property Damage:** More frequent storms and floods mean higher insurance premiums for property owners. Home repairs after natural disasters can strain a family's budget.

***b. Macro-Level (National and Global Impact)***

**Infrastructure Damage:** Governments face enormous costs rebuilding roads, bridges, and public utilities after extreme weather events. These funds might otherwise go to schools, healthcare, or technology development.

**Agricultural Output:** Climate change can reduce crop yields due to unpredictable rains or prolonged droughts. Lower agricultural output can lead to higher food prices and economic instability.

**Global Trade and Supply Chains:** Extreme weather can disrupt shipping routes and supply chains, causing shortages of goods and raw materials in various parts of the world. This can slow economic growth and create market volatility.

**Healthcare Costs:** As temperatures rise, so do health-related issues—like heatstroke or the spread of diseases. Governments and healthcare systems must invest more in treatment and prevention.

**Conclusion**

Climate change is more than just a scientific or environmental challenge—it's a crisis that touches every part of our lives, from the natural world around us to the money in our wallets. As you think about the future and the kinds of careers or communities you want to build, remember that climate solutions aren't just about solar panels and electric cars. They're also about preparing for the economic changes ahead, ensuring that our communities remain resilient, and understanding that our choices—like saving energy, reducing waste, and supporting green initiatives—can have a real and positive impact.

Each of you has the power to shape how we respond to this crisis. Whether you become an engineer designing efficient technologies, a politician setting environmental policies, a farmer embracing sustainable practices, or a concerned citizen making everyday eco-friendly decisions, your role matters. The beach I mentioned at the start may continue to shift with the tide, but the direction we, as a society, choose to take can still shape a healthier, more prosperous future for generations to come.

Thank you for listening, and I hope you'll take these insights on climate change and its economic implications seriously—and perhaps even feel inspired to learn more and take action.