Discussion of 'Temperature, Adaptation, and Local Industry Concentration'

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Introduction

- Great Paper
- I am shooting for an easy discussion
  - (even you can stay awake!)

Part I: The World Will Soon Be Warmer

- The world will get warmer
- PXZ starts with some (not great) description
  - RCP 8.5 (CO_2) would give us 5 times as many hot days
  - RCP is about CO_2 emissions. 8.5 can no longer happen
    - in case you are curious, described in my SSRN paper on SSPs
  - similar or worse warming could easily happen
    - (no one really knows where, ok)
  - thankfully PXZ part is brief and only motivational

Part II: Existing Plants 1980s-2010s

- Paper probably does most of details well
  - panel regressions are hard!
- Existing plants have higher energy costs
- Existing plants have higher productivity rel to 18C, but not always to 21-24C
  - PS: vacationing when hot and cold could imply …?

Part III: Census Regions 1980s-2010s

- Paper probably does most of details well
  - panel regressions are hard
- Plant Entry: (maybe) shift from smaller to larger plants

Part IV: No Part 4

- I will spare you my many detailed questions and suggestions to authors
  - not sure why discussants bore audiences with this
  - no one ever remembers this
  - paper has a dozen figures and tables, with perhaps 1,000 numbers! Mercy!

Likes

- Paper is honest about its nonfindings.
  - eg, no employment effects (in text, not abstract)

Why Not Much? (I)

- Average US temperature is about 12.5°C.
  - (NYC is about 13-14°C. +2°C is DC. +5°C is ATL.)
  - (IPCC expects +2°C and fears +5°C.)
- 1980-2010: about +0.5°C increase (PXZ)
- 1980-2025: about +1°C increase

Why Not Much? (II)

- US (at 12.5°C) heats more than it cools
  - PXZ: cooler than 18°C: requires heating,
  - PXZ: warmer than 18°C: requires cooling.
  - when it's −6°C, an extra +3°C warming would be a good thing.

Over the Envelope, PXZ 1980-2010

- Cooling
  - In the most extreme regions, +1 day of cooling
  - Energy is about 10% of cost of production on average
  - Cost increase: about 1/300 * 10% ~ 0.003%
- Heating
  - in the most extreme regions, **−2** days of cooling
  - heating a little cheaper per energy unit (no longer soon)

- Net: probably zero in USA, now and in the future.
  - over generations, so what if e-intensives move north?
  - actually, populations have been doing the opposite!
  - solar summer electricity will become dirt cheap 2050
- (Differential between large and small firms?)

Conclusion

- USA is just not where we expect to see large economic costs of climate change
  - We are cool and rich!
  - (And so we haven't seen much, either, from modest changes)

- For harm, think India and West Africa.

What is wrong with us?

- New York Times, Last Sunday, Headline: 'New Territory' for Americans: Deadly Heat in the Workplace: Deaths are rising sharply, and the Biden administration is trying to respond. Its plan faces big hurdles.
  - Liberal Mixing of Truth and Distortions
- Academia?
  - We publish findings, not non-findings
  - This is even more the case with climate change
  - Want to publish? *Play this game!*

Dislikes

- Abstract focuses on (few) findings
  - It's a "game" forced on authors
  - Terrible institutional arrangements in economics