The *Economist* has an important story about climate change impacts. There are two big takeaways, one about growth in developing countries and one about economic repercussions in developed countries like the U.S.

It has long been known that climate change will impose costs on developing countries. But there is increasing reason to think that it impacts growth rates, which could have larger long-term effects:

> Despite some successes, tropical countries grew by 0.9 percentage points a year more slowly than the global average in 1965-90. In a sample of 28 Caribbean countries national output fell by 2.5% for each 1°C of warming.

Correlation isn't causation, but the article explains a number of mechanisms that could link climate and growth rates.

The other point relates to developed countries. Economists are wont to say that only a small part of the economy in developed countries is outdoors, so the impact of weather on the economy is very limited. But there is mounting evidence that the "indoor" economy is also impacts by higher temperatures:

> A study of time-use surveys and temperatures in the United States found that when temperatures reach 100°F (38°C), the labour supply in farming, forestry, construction and utilities falls by an hour a day, compared with what happens at 76-80°F. These are outdoor activities, which may explain why workers fail to show up. But a study of call centres also showed that each 1°C rise between 22°C and 29°C cut labour productivity by 1.8%. And in car factories in America, a week of outside temperatures above 90°F reduced output by 8%.

Again, this evidence is suggestive rather than definitive. But it does suggest that the economic impact of climate change may be larger than expected. Hopefully, further empirical work will help nail down some of these issues.